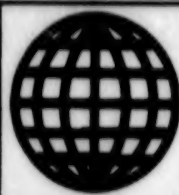


JPRS-UIA-90-011

6 JULY 1990



**FOREIGN  
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# ***JPRS Report***

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# **Soviet Union**

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***International Affairs***

# Soviet Union

## International Affairs

JPRS-UIA-90-011

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6 July 1990

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### Role, Cost of UN Peacekeeping Forces Discussed

90UF0213A Moscow IZVESTIYA in Russian 5 Jun 90  
Morning Edition p 4

[Interview with General Indar Rikhye, president of the International Peace Academy, and Veruz Sadri, director of a field operations department at the UN Secretariat, by IZVESTIYA reporter A. Ostalskiy date not specified: "The 'Hottest' Direction: What UN Peacekeeping Operations Are All About"; the first two and tenth paragraphs are source introduction]

[Text] V.F. Petrovskiy, the USSR deputy minister of foreign affairs, has called peacekeeping operations the "hottest" direction in UN work. He also cited this fact: in the last two years five new UN operations have been started, in comparison with the 13 which were carried out in the previous 43 years! Such a sharp expansion in the use of international forces for the purposes of ensuring peace and stability in itself serves as visible proof of the increased confidence which people throughout the world have in the potential of the UN. What must be done to keep the new trust of peoples and states? The participants in an international seminar entitled "UN Peacekeeping Operations: Experience and Prospects," which took place in Moscow, attempted to provide an answer to this question.

The first thing that struck the journalists present at the seminar was the lack of agreement among the professionals about what actually constitutes "peacekeeping operations." For an explanation the IZVESTIYA reporter turned to one of the main experts on the question, the president and founder of the International Peace Academy, General Indar Rikhye.

[Rikhye] The whole problem is that the permanent members of the UN Security Council were not able to agree on the limits of the powers granted to the peacekeeping forces. It is true that now, after the profound changes which have taken place in the international climate and especially in Soviet-American relations, states have a significantly greater desire to participate in these operations and much greater faith in the possibility that actions by UN forces will be effective. However, I think that the absence of clear definition has its own advantages. The implementation of a sharply-defined framework would limit the sphere for the possible application of such forces.

[IZVESTIYA] In his speech to the seminar V.F. Petrovskiy, USSR deputy minister of foreign affairs, talked about the possibility of using forces for "preventive diplomacy" within the framework of a system for early warning of conflicts, as well as about the establishment for this purpose of UN observation posts in volatile areas, etc. Other interesting proposals were also made concerning an increased UN role in the struggle against the consequences of ecological disasters, against the international drug business and against terrorism. Or, for example, the possibility of carrying out UN operations at sea. What do you think about these proposals?

[Rikhye] Up to now the UN Security Council has not been able to agree on such actions. However, in today's improving international climate, clearly this may become a reality. We have tried to carry out preventive operations previously. For example, I personally participated in the UN operations in Gaza, during which we—unsuccessfully it is true—tried to prevent the Arab-Israeli War of 1967. The withdrawal of UN forces from their positions on the Egyptian-Israeli border in 1967 became the pretext for the start of military actions. But what I wanted to emphasize was this: during all those years that UN operations continued in the Middle East, not one government—either of the region's countries or of the great powers—did anything to find a solution to the problem: that is why the mission of the UN troops failed. Imagine all the tragedy of our position: to try with all one's might to prevent a war and yet to feel the inevitability of its approach... There you have, if you will, a glaring example of how the rivalry of the great powers reduces to nought all efforts to prevent armed conflict.

[IZVESTIYA] This operation in Gaza was very likely the most difficult and dangerous of your career?

[Rikhye] The most dangerous, yes, but the most difficult was probably the operation in the Congo in the early 60s. After all, the legitimate government had been overthrown, and the country was splitting apart; civil war was gaining momentum. The division of Katanga followed, behind which stood powerful, influential foreign states. They prevented the UN from carrying out its task. We sustained great losses. And then, in Gaza, where I was also the commander, we found ourselves over a three-day period in the line of fire between Israel and Egypt. Our forces were removed from the border, and they were waiting in camp for transportation to evacuate them, but the war started right then. Completely helpless, without shelter, we were in a camp where Israeli shells were bursting. And we lost 13 people at that time. But of course, that is very few in comparison with the number of dead and wounded in Lebanon—more than 150 dead. Moreover, there is no doubt that, unfortunately, the "blue helmets" will continue to die and be injured there in the future.

[IZVESTIYA] So this means that participation in UN peacekeeping operations is dangerous and difficult work? But I hope that at least it is well paid.

[Rikhye] I would not say so. The countries which send their military personnel to be part of the UN forces receive, on average, \$750 per month for each soldier. Some states pay their military personnel a supplement; others, however, which have non-convertible currencies, pay the soldiers the amount stipulated by the regulations of the given country. So this is not an area of human endeavor in which one can earn well. Nonetheless, we do not have a shortage of volunteers who want to serve in the UN forces. Why? Clearly people want to do important, fascinating work. They are aware that all the risk



and all the inconveniences are not in vain; there is a reason for them. This is important to people.

The second person to whom the IZVESTIYA reporter turned was Veruz Sadri, a very experienced international official, who is director of a field operations department at the UN Secretariat. He is considered to be the chief expert on the provision of material-technical and financial support for UN operations.

[IZVESTIYA] Mr. Sadri, tell me please, is peace expensive?

[Sadri] No, it is not at all expensive if one compares the expenditures with the resources burned up by even the smallest local war. When two countries are fighting, they may spend in one day of military operations more than UN forces spend in six months of full-scale peacekeeping operations.

[IZVESTIYA] Could you give us some concrete figures?

[Sadri] In 1989 our total budget amounted to about \$700 million, including \$400 million, which went for the operation in Namibia, the most expensive in history (for comparison: the Congo operation, which was considered very expensive, cost only \$60 million, but here it is necessary to make adjustments for inflation and price increases). But the money spent in Namibia did not go down the drain—this country made a peaceful transition to independence. The operation in Lebanon is quite expensive—more than \$100 million per year.

[IZVESTIYA] Where does this money come from? The UN member states finance the operations by contributing the appropriate percentage established for each given country. Naturally the permanent members of the Security Council must pay the most, taking into account their special responsibility for peace and security, next come the economically well-developed states and then the rest. At the seminar there was much arguing about the so-called voluntary financing, that is, about the situation in which individual sponsors voluntarily finance a given operation. But here we have the unfortunate example of Cyprus. The states which supplied the military personnel for the UN forces deployed there agreed to take upon themselves the basic expenditures, with the exception of the so-called operational expenditures, but these we cannot cover through the "voluntary dues"; it is a debt which, if I am not mistaken, exceeds \$170 million.

[IZVESTIYA] Judging by what was said at the seminar, the problem of financing is an extremely serious one: over a long period of time many states have not fulfilled their financial obligation in this regard; they owe quite a bit of money. The serious debtors include the Soviet Union...

[Sadri] As for the USSR, the past tense should be used. V.F. Petrovskiy reported at the seminar that your country has already paid off more than 35 percent of the debt, having repaid \$72 million. Now the USA is the

main "defaulter." This is related to problems in passing these kinds of appropriations in the US Congress. But now, as a result of the change in the attitude toward the UN on the part of the Administration and American public opinion, one can hope that this problem will be gradually resolved.

#### Facts, Figures on USSR Foreign Ministry Cited

90UF0256A Moscow VESTNIK VYSSHEY SHKOLY in Russian No 5, May 90 pp 65-67

[Unattributed article: "About the Ministry of Foreign Affairs And Not Only About It (As Related by Workers of the Ministry and MGIMO)"]

[Text] ...The "iron curtain" is rising over Europe which, even yesterday, was divided into seemingly irreconcilable military-political blocks. The infamous "Berlin wall" is going for souvenirs. All this marks the beginning of construction of a reliable, we must hope, common European house. Many odious obstacles and barriers are crumbling in our country as well. Absurd prohibitions are being repealed. The most varied doors are opening, where before no "mere mortal" dared set foot.

So it was that such doors were opened for the delegates of the All-Union Student Forum. The students were heartily greeted at the USSR Ministry of Foreign Affairs by E. A. Shevardnadze, official workers of the apparatus and MGIMO [Moscow State Institute of International Relations], a VUZ which at one time was only for the "select few". We believe the information which was shared with the students in the USSR Ministry of Foreign Affairs multi-story building on Smolenskaya-Sennaya, 32/34, will be of interest to our readers.

#### "Perpetual Students"

It is difficult to call our ministry administrative. It is not administrative, since we work by ourselves. We think through, implement and realize our country's foreign policy by ourselves. Undoubtedly we do not do this independently, but under the management of our leading state organs. Yet nevertheless, we do a considerable portion of the work ourselves, with our own hands in the direct sense of this word, since there is much paperwork.

Today there are 3,737 associates working within the Ministry of Foreign Affairs central apparatus. We have 206 institutions abroad: 124 embassies, 76 general consulates, and 6 permanent representations within international organizations. All these institutions abroad employ over 9,000 persons. The highest diplomatic ranks of Ambassador Extraordinary and Plenipotentiary and Envoy Extraordinary and Plenipotentiary number 519 persons, most of whom are graduates of the Moscow State Institute of International Relations. All diplomats have a higher education. Each year around 200 new workers come to the diplomatic corps. Half of them are VUZ graduates (young specialists), while the other half are party and economic management workers who have passed the retraining course at the Diplomatic Academy.

The Ministry of Foreign Affairs has two of its own educational institutions—MGIMO and the Diplomatic Academy. Advanced foreign language courses are also offered at the ministry. Here the ministry associates undergo language training and retraining. A knowledge of foreign languages is mandatory for our workers. Fifty-nine percent of the MFA associates speak two foreign languages, and 14 percent—three or more. Altogether there are 48 foreign languages taught in our language courses. There are also courses in typewriting and stenography offered at our ministry, which has recently received the status of a secondary special educational institution. There are 144 elementary and secondary within the ministry's system. These are schools at our embassies and institutions abroad. Altogether there are 16,500 children studying in our schools abroad. Of these, about 3,000 are children of diplomats from socialist countries.

As for the education of a diplomat, we must remember that it continues all his life. This is associated also with moves from country to country, when each time he must start from nil, and with the need for constantly improving the level of his knowledge, determined by the varied range of questions which fall into the sphere of activity of the diplomatic worker. Therefore, about diplomats we may say that they are "perpetual students".

Young people who have come to us directly from their student desks pass through all stages of MFA work. Yet in general, despite the specialized training at MGIMO, many graduates are lacking in knowledge of specific things in the sphere of practical diplomacy. They do not know how to specifically conduct negotiations on one question or another, how to communicate with certain ministries of foreign affairs, or how to work with the society of a given country while employed as an associate of a given embassy. All this may be learned only through practical application. The primary mechanism for transmitting such skills is the participation of young people in joint work with experienced specialists. In all our administrations and departments such instruction is taking place each day, unnoticed, in practical affairs.

#### **The Politics of New Thinking**

Aside from the embassy collectives, we have delegations which operate almost constantly, going out to conduct various negotiations. First of all we must mention our delegation which participated in the Soviet-American talks in Geneva on the reduction of strategic offensive weapons. The negotiations are difficult, long, and go on for years. Ultimately, a group of people has been formulated which deals specially with these problematics. At the negotiations in Vienna on reduction of conventional weapons in Europe there is also a group of people who continually participate in them, returning to the Soviet Union only for short vacation periods.

Here is one other aspect of our activity. In Moscow there are 119 embassies and diplomatic representations of various countries. That is, without forgetting about work

with our own embassy in a given country, we must also work with the other country's embassy in Moscow.

Of course, we try to be up to the demands of the times. Some things we are able to achieve, and some things not. We are aware of our weak points and errors. Today the policy of the USSR is very active and open, and demands particular attention. On the whole it enjoys great respect today among the world community. This is because, while remembering our own interests, we do not infringe upon the interests of other countries and people. We also try to see both sets of interests and to find a certain equivalent between them.

#### **Girls, Do You Want to Study at MGIMO?**

Has anything changed in the life of MGIMO in recent years? Undoubtedly it has. While before there was exclusively Moscow blood coursing through our veins—most of the students were Muscovites, today half of those studying at MGIMO were born elsewhere. And while before the percentage of women studying at our institution was only 7-8 percent, today we accept as many of them as can pass the test. At the same time, some problems remain. For example, enrollment in our institute requires the recommendation of the obkom, kraykom and party gorkom. Today we are thinking that perhaps the level at which these recommendations are issued should either be lowered or changed. The recommendations themselves, however, must evidently be retained.

We try to construct the entire educational process with consideration for consumer opinion. Our primary consumer is the USSR Ministry of Foreign Affairs, and therefore the instructional plans are constructed with consideration for the requirements set for its associates. We also have other customers, in accordance with whose interests we also organize new departments and define the content of the instructional process. Having received their diplomas, a third of our graduates go to work for the MFA, while the rest go to other departments or journal editorial staffs.

The problem of student dormitories is particularly acute at our VUZ.

#### **Debit and Credit of Diplomacy**

Are there people working within the MFA system who have not graduated from MGIMO? We must say that most of the ministry associates are graduates of MGIMO or the Diplomatic Academy. However, around 2,000 MFA associates graduated from other higher educational institutions—in humanities and engineering. Recently a need for specialists of economic description has been acutely felt.

The MFA's annual budget is ratified by the USSR Supreme Soviet. It is on the order of 500 million. Of this, 350 million is in foreign currency (including also for our government's dues to international organizations). The upkeep of the institutions abroad (embassies, consulates)

costs us relatively little: Around 100 million in foreign currency. The central apparatus costs around 25 million rubles per year. If we compare ourselves with the USA in this respect, for them the upkeep of the state department together with the embassies costs \$2.3 billion. However, here, of course, we must compare data which are comparable, because the prices abroad are much higher than they are in our country.

Now about our embassy expenditures. About half go for wages. The remaining expenditures are of a management nature (rental of offices, apartments, etc.).

#### **There Will Be Enough Work For Everyone...**

The ministries of foreign affairs of the union republics have existed for a very long time. However, before these were largely formal institutions. Usually the duties of the minister were assigned to one of the deputy chairmen of

the union republic's council of ministers, who did not give these responsibilities necessary attention.

Today the situation is changing. Many republics have their own ministers of foreign affairs, as well as the appropriate ministries. However, their activities are still hindered by certain constitutional limitations. However, such limitations are necessary. We must delineate the circle of professional questions so that one of them will not end up under the jurisdiction of the union ministry, and the others—under the jurisdiction of the republic ministries. This work is being performed now. Perhaps the republic MFA's should place their main emphasis on work with their neighboring countries.

Altogether, there are representatives of 45 nationalities working within the USSR Ministry of Foreign Affairs.

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### Third World Economic, Technological Prospects Examined

90UF0225A Moscow PRAVDA in Russian 7 Jun 90  
Second Edition p 7

[Article by I. Andreyev, doctor of philosophical sciences:  
"What Lies Ahead?"]

[Text] The "third world" is a kaleidoscopically varied conglomerate of 100 countries, primarily former colonies, that is elusive in terms of a uniform assessment. Fashionable skyscrapers in Jewish sands and South Korean electronics in the largest international airports is one aspect of the "third world." Another is the neolithic hoe and the clearing-burning farming in the savannahs and jungles of three continents, and millions of people dying of hunger.

Today it has become apparent that to implement a goal on an international historical scale, i.e. to bring the "third world" from the quagmire of backwardness into the orbit of social progress can be achieved only by means of the cooperation of all social systems in the contemporary world. The traditional zone of conflict between capitalism and socialism, where political priorities and the struggle for "spheres of influence" were projected in the confrontations that were characteristic of the epoch, must become a zone of peaceful and mutually advantageous cooperation. The innovative concept of an integrated conflict and non-violent peace has provided the basis for a qualitatively different approach than before to the assessment of the variety of means of social progress in developing countries.

The previous black-white ideological scheme led to the identification of the struggle for social progress with the struggle for socialism despite the almost complete absence, in many cases, of a corresponding economic, social, political and cultural base for this. It unavoidable gave rise to an emphasis on command-libertarian methods, the extensive use of various forms of force, bureaucratic exaggerations, and the thoughtless copying of alien and sometimes negative experience.

The doctrine of "socialist orientation" basically turned out to be inadequate for the course of real processes. What are the reasons for this? First of all, obvious adjustments to reality of the classical theory of Marxism-Leninism regarding the the non-capitalist means of development and its interpretation in the spirit of the stereotypes of block confrontation are evident. Secondly, a fateful role was played by the unavoidable deformation of approaches to the analysis of this group of countries under the influence of negative, crisis processes in socialist society itself. On the one hand the Marxist-Leninist position on the problem of multiple variants and flexibility of ways to socialism by backward peoples was proclaimed on the basis of an energetic and purposeful assimilation (in accessible and adaptable forms) of general world experience of development. On the

other hand, the post-Lenin variant of the evolution of Soviet society was seen as a standard and example for imitation.

At the same time the notions about capitalism in developing countries was "hidden" in a theoretically-obsolete model of hopeless decay that had exhausted the progressive potential of bourgeois society, thereby creating the impression of an impasse. Although in this direction in a number of developing countries a "breakthrough" has been noted and is being implemented realistically as regards the assimilation of the achievements of the scientific-technical revolution, the concept itself of a capitalist path of development for these countries did not become the subject of any serious scientific study in Soviet social science.

New political concepts facilitate a realistic reexamination of the situation in developing countries. In particular, they create the prerequisites for radical changes in the strategy of struggle for social progress among social groups that are antipodes in their ideological orientation.

From the position of the "third world" it is especially obvious that the current development of the world civilization is based on the cooperation of various, including opposing, tendencies. We can see a rejection of a too strict orientation toward capitalism or socialism by developing countries. A number of young countries which previously counted themselves among the countries of socialist orientation either have rejected socialism publicly or have ceased to use this term.

In the changing international climate extensive possibilities are opening up for "third world" countries in terms of combining various socio-economic institutions and methods inherent in socialism as well as in capitalism. The search for their own and to a certain degree for a "third path" is not at all a naive illusion or a synonym for political lack of discrimination but one of the forms of assimilating the social experience of mankind.

In connection with this we can see two tendencies. One is care for the patriarchal enterprise of the agrarian-handicraft type and the other is the technical breakthroughs in the direction of the scientific-technical revolution. In the first case we are talking about a kind of neotraditionalism that deepens the social stratification of society without considerable improvements in level of culture. In the second we are talking about a modernization of the economy by means of the accelerated training of the local contingent of the total public worker of the scientific-technical type (within the sphere not only of production but also of services, science, planning, management and culture). Here neo-traditionalism as a type of "cosmetic repair" of a socio-economic structure that has existed for ages is a firm foundation for administrative-bureaucratic and speculative-middleman pyramids which are usually related. Another matter is the orientation toward a contemporary, post-industrial type of development of production forces even in the form of the odd combination of manual labor and electronic



control of the production process itself imposed by transnational corporations in the "third world", as has occurred in South Korea.

Whereas Japan has forged a path toward average capitalist development in the course of 100 years (twice as fast as the U.S.), in South Korea the pace of this process surpasses that of Japan by about fourfold. In a country in which 25 years ago 70 percent of the population was occupied in peasant labor today the prestige of specialists in the areas of electronics, information science, biotechnology and management is especially great.

Within the framework of the former today the most widespread model for pseudodevelopment essentially reproduces a dependent, parasitic form of life. The "top," at the expense of the poverty level of the masses and foreign sources, copies (moreover, with a vulgar lifestyle) the most striking attributes of the West's "consumer society." The "bottom" is assigned, until better times, an ascetic passive existence veiled in tradition and demagogic promises that is essentially vegetation on the brink of survival. Even enterprises of the contemporary type constructed here with foreign aid operate ineffectively. The situation looks especially paradoxical when accompanied by official bravura phraseology. In principle it is immaterial, which coloration—capitalist or socialist, religious or ethnotraditional—a regime of that type has. The unavoidable product of the system is stagnation, which gives rise to apathy. War, civil or with neighbors, becomes the only exception to the social calm. But with any variant the antagonistic nature of relations between the bureaucratic top and the remaining mass of people unavoidably gives rise to force with regard to man and nature. This situation characterizes outbreaks of regional conflicts and terrorism both from above (repression) as well as from below (destructive revolt of the despairing masses).

The contemporary level of the scientific-technical revolution carries within itself a powerful tendency toward decentralization of production structures based on strengthening their scientific foundation, energy conservation technology as well as the creative nature of labor. This creates enormous, costly, self-reproducing bureaucratic pyramids out of historical relics, like the pyramids of Egyptian pharaohs, and also creates serious obstacles to the development of international production forces in socialist, capitalist and developing countries. From this comes the total explosion of public demand for economic, political and social democracy.

This instills hope in the theoretical possibility of "straightening out" the path of technological as well as economic and social evolution of developing countries during the contemporary epoch. Developing on the foundation of traditional family-community structures, voluntary cooperation of the widest spectrum and various variants of joint-stock participation by the population in economic-entrepreneurial activities of state, cooperative and mixed enterprises can become the organizational "management" forms for "capturing" progressive tendencies in the development of world production forces.

We see small and average entrepreneurs, farmers, managers and commerce workers, the activities of whom can be regulated by a national democratic government and stimulated by the development of commoditymonetary relations, as the link between capitalism and joint-stock associations that are oriented toward increasing technology.

Consumer and production, agricultural and handicraft, and construction and service cooperation opens up, on the basis of achievements in computers and modern technologies, the possibility of extensive development of individual and collective labor incentives. Being a directly "visible" democratic form of production organization, civilized cooperation opens up possibilities for developing within its framework forms of labor that approach the activities of free associated producers. In principle we do not yet see hindrances to the future influence of the tendency to internationalize similar or technologically unified cooperatives of socialist, capitalist and developing countries.

The planetary nature of the scientific-technical revolution provides the basis for the elimination of lags in developing countries by means of reliance on world production forces and humanistic culture. This approach is oriented toward "capturing" the objective tendencies of "third world" evolution in the contemporary global context. This is so as to be oriented toward them when assessing new and sometimes stormy self-developing processes, and in order not to "impose" abstract theoretical schemes on phenomena which have not yet developed to the degree that is necessary before analysis can take place. At the same time this is used to clear the "blockage" of previous ideas that continues to interfere with the recognition of the backwardness of the "third world" as a global problem of contemporary life and of the need to create solutions in the spirit of new political ideas through the joint coordinated efforts of all mankind.

### **Need to Protect 'Commercial Secrets' in Foreign Business Deals Cited**

90UF02014 Moscow PRAVITELSTVENNYY  
VESTNIK in Russian No 21, May 90 p 6

[Article by D. Khilov, economist, Moscow: "How to Protect Secrets"]

[Text] With the transition to a regulated market economy managers will face increased commercial risk. The article by V. Rubanov, "'The Firm's Secret' and the Country's Economic Security", published in PRAVITELSTVENNYY VESTNIK Number 15 (41), discussed how to achieve the economic security of the individual enterprise and of the country as a whole under these conditions. Today we are continuing our discussion on this subject by examining the foreign economic aspects of the protection of secrets.

The time has come to reorganize the system of secrecy in effect in our country today. This social institution that is so vitally important to the government in its present form became a mechanism of inhibition long ago. Today the indicator of effectiveness of the system for protecting secrets should be the system's inclusion in democratic processes and its correspondence to the needs of economic and political reform.

As concerns foreign economic activity the protection of secrets should facilitate the more effective inclusion of the USSR in the world economy and not hinder this. For this reason, under conditions of mass entry into the world market we must give Soviet enterprises, associations, firms and cooperatives the right to protect their commercial secrets.

This step would help to more fully satisfy the demands of many foreign entrepreneurs who are constantly bringing up the problem of improving the situation and conditions for working in the Soviet Union. This is extremely important for the development of progressive forms of economic cooperation with foreign countries.

Today, for example, great significance is attached to developing enterprises on Soviet territory with the participation of foreign capital. The development of joint ventures usually presupposes the transmission of technological and management experience by foreign countries. Here foreign partners often underscore the need for us to recognize that "technology is a valuable asset that requires the necessary protection." Firms usually do not supply technology and do not make large investments in NIOKR [Scientific Research and Design Testing Work] if dependable conditions and means for protecting research and design developments from competitors are absent.

Within the practice of creating joint ventures on the territory of the Soviet Union there have already been cases in which in the course of negotiations representatives of foreign companies raised the question of how their firm's secrets would be protected in the USSR,

where the law foresees the protection of state secrets only. Under these conditions, providing subjects operating on USSR territory the right to secrecy creates additional possibilities for foreign firms that are cooperating with them to protect the intellectual property that is being transferred to the joint enterprise. As a result, our partners' reservations regarding the fate of their property will be put to rest to some degree.

The right to have 'firm secrets' should be secured by creating normative guarantees for the implementation of this right within Soviet law. In particular it is essential to foresee the introduction of administrative and criminal responsibility for infringement upon the secrets of administrative subjects, to develop an organizational structure for protecting the secrets of enterprises and to develop a mechanism for regulating relations between economic units and the state regarding questions of secrecy.

From the point of view of creating favorable conditions for active business by foreign companies on Soviet territory the problem of secrecy reflects another aspect that is related to dealing with questions of providing information for business activities. In the opinion of many foreign entrepreneurs "the maintenance of secrecy" in the Soviet Union is among the most urgent problems related to developing joint cooperation. For example, they note that the Soviet side keeps its partners on starvation rations in terms of providing information. Only with great difficulty can foreign businessmen obtain even the address of potential contractors in the USSR, not to mention information concerning their solvency. Meanwhile we cannot demand from businessmen that they risk their money blindly, especially after cases of insolvency on the Soviet side. In connection with this we must probably agree with the opinion of foreign experts that foreign investors must be provided with clear and precise information about a certain sector of the economy or about a firm that is a potential partner, as well as about the macroeconomic situation in general.

The restructuring of the system of economic secrets in the direction of liberalizing it is also called for by the possibility that the Soviet Union will join some international economic organizations. As we know, providing information on the real situation in the national economy is one of the conditions for membership in these international establishments. These kinds of obligations should not be seen as an infringement upon the sovereignty of the USSR in carrying out its economic policies. In the interest of a more thorough inclusion in the international division of labor, of a fuller participation in the world market, of the creation on this basis of a modern competitive economy and of the effective achievement of national economic security it is essential to adhere to the "rules of the game" in the world community.

The introduction in the Soviet Union of the institution of "firm secrets" and extensive glasnost in the economic



sphere could become the first steps on the path toward bringing together the organizational-legal foundations of the secrecy regimen operations of the USSR and other developed countries. I feel that in the area of secrecy regimen procedures the new foreign economic mechanism must facilitate the transformation of the country's national economy into what is called an "open economy."

### Measures to Protect Soviet Business Interests in Deals With West Urged

90UF02144 Moscow TRUD in Russian 5 Jun 90 p 2

[Article by A. Bunich: "Lasers for Sandwiches"]

[Text] The integration of our country into the world economy that has begun has given rise to a fury of scandals and publications in the press that unmask "shameless operators who have sold out their homeland." Some are almost put in jail for exporting shavings and rusty ingots abroad, others are caught at the border with tanks. It is a nightmare, a horror.

But let us look at a small article in the English magazine *ECONOMIST* under the significant heading, "Lasers for Sandwiches." It begins with the words, "Muscovites will be able to eat hamburgers, the West will be able to buy Soviet science." This is not simply a garish presentation of material...In an interview with the newspaper PRAVDA, P. Shebarshin, director of the KGB First Main Administration, notes: "Industrial espionage in the West is as everyday and widespread as Coca Cola." In our country we do not really have intellectual property and commercial secrets. Naturally, immediately one hears hysterical cries that in 2-3 years the country will become an invalid that exchanged its scientific-technical potential for hamburgers and Coca Cola. No matter how regrettable, this can in fact occur, and this is what should be feared rather than the sale to the West of spare parts from 1960s armored troop carriers, which "the enemy" immediately smelts. One thing is clear—we must raise the "iron curtain" from our economy. But in what manner? What place will the reformed Soviet economy occupy in the world system?

As we know, any participation in the world economy means first and foremost participation in international division of labor, specialization among countries and participation in the world currency-financial system. This means that it is essential to add that we can do this, after all.

The people want audio and video equipment, cars and apartments and many other things (although by Western standards, honestly speaking, not many other things) and they want them in the shortest possible time. The paradox of the current situation is that our country "set out" enormous export resources without knowing where. Over a period of 10 years we should have received 176 billion oil dollars alone, but we have instead kopecks, insolvent debtors and court cases for operators of foreign trade departments. Having come to the doorknob, the

government is gradually "opening the door." However, no one is breaking down these doors.

Of 1,500 registered joint ventures (SP) the majority simply did not participate in economic operations and those that did, by God, it would have been better if they had not. The main achievement of these SP's was that they pumped out that scanty hard currency that still existed on the domestic market for the delivery of computers and for training in management, marketing and so on.

Many joint ventures became involved in middleman operations. Some were created simply as a cover for the representatives of a Western firm. It turns out that it is cheaper to make a founding investment of 100,000 dollars than to rent an office. I would also add that almost none of the Western founders of joint ventures contribute money to the capital fund. As it now turns out, about 3 billion was contributed by Vneshekonobank [Foreign economic bank] in order to provide incentives for the process of joint entrepreneurship. If the joint venture is profitable, this matter is also unclear—it simply does not show profits because for the first 2 years it does not pay taxes.

Matters often reach the ridiculous. Some receive the status of joint venture for only one purpose—to avoid taxes. Enormous state enterprises put their best assets, area, and resources into them, conclude symbolic contracts with any Western partner, and thus move out of the jurisdiction of ministries and at the same time do not pay any taxes. This is one scheme. There is another for the cooperative sector. Gathering 50-100 cooperatives under their banner, a schemer explains to them all of the senselessness of payments to financial organs. Hastily and on a semi-legal basis they refashion cooperatives into affiliates of the joint venture (it sounds good!) and then collect payments from them in the form of a portion of profits minus the tax total and make a ruble from nothing!

The situation is no better in terms of direct participation in the foreign market by enterprises, organizations and cooperatives, which was proclaimed on 1 April of last year. Some people joked then that the "outcome" would be the government's April Fool's joke, after all there were so many hurdles on the path of our businessmen. I think that this year's April Fool's joke could be the annual accounting of the operations of our 15,000 "subjects of foreign economic operations" and their successes. Some economists complained in vain about the quotas, administration, customs and other inconveniences. "Subjects" did not pay special attention to these trifles...Some "entered" the world market in such a way that they cannot return and others may finish up their operations in this market. A lack of a legal knowledge, the attempt to immediately sell everything according to dumping prices, bribery, and anarchy are the characteristic traits of this process. Both here and there operators from the government sector, cooperatives and youth centers are being caught, and who don't we have there.

They are shipping everything out, giving it away for nothing without even knowing that there is an international law, let alone taking our laws into consideration.

The activation of our foreign economic operations has especially affected the practice of special assignments abroad. Many bureaucrats and producers utilize this process to travel back and forth, carrying on endless talks. The longer these discussions take (in other words, the more often a Soviet delegation goes abroad) usually the more ruinous the future contract for the government. Western partners are very familiar with our directors' weaknesses for video recorders and computers.

How can this be—I sense some objections—after all aren't new forms of foreign economic cooperation useful? I do not argue with that, but I must establish that today our system of organization of foreign economic ties has combined the shortcomings of the old administrative structure (former Minvneshtorg [Ministry of Foreign Trade]) with the shortcomings of the new market structure. Whereas in the past fifty monopolistic associations for decades robbed the country together with a group of "friends" of the Soviet Union, today they are continuing their work, but 15,000 (!) "subjects" have been added.

A division of labor has even developed—the former are involved in large-scale business. Recently society has learned about the outstanding achievements of the foreign economic department—the contract with the Pepsi Cola Company, according to which 26 plants will be built in the USSR. The contract amounts to 3 billion dollars. As payment for this excellent drink we have spent our hard currency that is received from the export of vodka and from the sale of tankers, and was a stable source of hard currency. Pepsi president R. Kendall can be pleased—now nothing can threaten his drink—300 million inhabitants of the USSR will have to drink Pepsi until the year 2000. Honestly, after all of this I am reminded of the operations of the East India Company, which in the 18th century exchanged gold for fiery water with the natives. For the USSR the result of this transaction is lamentable—hard currency income, which is in short supply to buy medicine, has been lost to this. Moreover, the market is closed to us to sell our fruit drinks.

Business is business. If you allow yourself to be tricked, tricked you will be. We cannot ignore this, otherwise we cannot proceed along the path to the world market. After all, blaming the businessman for the fact that he wants to earn the largest profits is the same as scolding a fish because it lives in water. This means that it is essential to foresee a self-protection mechanism. Does it exist? I will try to formulate a number of proposals in concise form.

First of all, up until now there has been an absence of a concept and strategy for foreign economic operations, and first and foremost for foreign economic expansion. (I will not fear this word). Our international economic

cooperation, despite the apparent regimentation, is still developing under circumstances of chaos and uncertainty.

Secondly, decentralization of management in the foreign economic sphere should be accompanied by the corresponding state regulation and changes in forms and methods. Our inclusion in the world society requires not a weakening of state regulation in general but a weakening of its administrative action. As for the economic action of the government and indirect regulation, it must be strengthened, in a parallel manner of course, as the decentralization of trade and economic ties occurs.

Thirdly, "an open economy" will be effective only if we use our own strengths for support. In order to carry out negotiations on an equal basis we must have a firm export base. When we have something to offer our Western partner will start to make the rounds himself, asking to receive "part of the share," otherwise we can eternally beg for credit for who knows what and to receive it under crushing terms.

Fourthly, the state must actively provide incentives for its own national corporative associations as well as for the development of priority branches. Of course Western investments will yield some kind of effect, but the question is, is it an optimal effect or not? Today our government one-sidedly provides incentives for foreign capital, longing for it with an incomprehensible attraction. Throughout the world the government provides incentives for strong, competitive national entrepreneurs and their associations. Here special attention is given to progressive branches as compared to the world level. However, one should not take what has been stated above to mean that we must provide incentives for our existing monopolistic structures, as for example, the military-industrial complex. On the contrary, it is they who bring maximum losses to the country, by almost uncontrollably spending billions of rubles and by hiding under the seal of "secret." Our task is to create several hundred powerful new-generation scientific-technical industrial groups in the shortest time possible, to stimulate their foreign economic expansion and to support them on the foreign market.

Finally, we cannot forget the military and political factor. Because of support of "radically" inclined circles the military and political positions of the USSR have now become interpreted as an "anachronism," "imperial chauvinism" and so forth. Figures on the senseless aid to Cuba, Angola and other "developing" countries are brought up. But we should not forget that throughout the world politics plays an important role in international economic relations. The U.S., for example, achieves a number of economic advantages precisely because of its political influence. Why should we avoid this if we want to live by the laws of big business? This has to do especially with developing countries because they provide a considerable reserve for our economic cooperation. Of course we must alter our approach to foreign policy and halt senseless aid, but in doing this it would be

fairly stupid to reject various means of political influence by our government on foreign partners.

In other words, it is already time to stop orienting ourselves toward the children's illnesses of the toddler market and to enter the third century as an equal member of the world society. This possibility already exists.

### **Joint Venture Association Head on Organization's Goals, Functions**

90UF0215A Moscow PRAVDA in Russian 5 Jun 90  
First Edition p 7

[Interview with Lev Fainberg, administration chairman of the association of joint ventures, international associations and organizations on USSR territory by B. Shestakov, TASS correspondent, special for PRAVDA: "Oh, This Our Incompetence!"

[Text] Given rise to by perestroika, joint ventures in their development reflect all of the difficulties of our national economy. Lev Vainberg (45 years old, general director of Interkvadro SP), administrative chairman of the association of joint ventures, international associations and organizations on USSR territory, shares his opinion on the situation in this area of foreign economic operations.

[Shestakov] How did you begin the joint undertaking? What served as the impetus for the creation of the association?

[Vainberg] This form of international economic ties was born about 3 years ago as one of the important directions in the liberalization of the economy and in radical reform. At practically the same time the pioneers realized that it is not possible to single-handedly eliminate many barriers. When there were already 30-40 of us, we combined our efforts to deal with common problems. First a council of general directors was created, and in September 1988—an association as a separate legal entity.

We are involved in problems not of individual SP's, but in the movement as a whole. We provide legal aid—we consult with all those who wish to create joint ventures and recently, alas, with those who have reached the painful phase of dissolving them. We do work to improve the law. The association also provides information services, creating a data bank about joint ventures. We organize seminars for specialists on foreign economic ties, for economists and for lawyers.

An important part of our work has to do with establishing contacts with similar associations in other countries.

[Shestakov] What is the structure of the association?

[Vainberg] We are a regular screw in the market mechanism. People unite not from above as a result of membership in some sort of department, but as a result

of common interests and of a natural affinity for improving relations with others and for interacting with the surrounding world.

The association's activities are managed by an administration that is elected at a general meeting. A small executive staff carries on day-to-day operations. Attached to it are cost accounting centers having various purposes. The staff is maintained by means of small membership dues.

The executive committee, as the organ of self-administration, is freely delegated the rights that are necessary to deal with common problems. I am often asked who manages joint ventures. Some people evidently have a passionate longing for some kind of ministry of joint ventures with its own hierarchy, main administrations and departments. The desire to put the responsibility on a higher organ is alive. But in reality there is no such need—the law and the market must manage.

Right now the joint venture is the sphere of small and average businesses, and they have their own laws. It will not be surprising if half of joint ventures fail or change their founders or their profile. Of the original 23 joint ventures eight have survived and are active. Abroad this would be a normal indicator.

In associations there are over 250 joint enterprises, primarily veterans of the movement. More and more new ones join as they are created. Probably there will be several associations as well. The creation of regional associations is in progress.

[Shestakov] Tell us about the problems of joint ventures using Interkvadro as an example.

[Vainberg] All joint ventures are legal Soviet parties and all of the problems of our domestic economy affect us. Under conditions of non-fund supply it is impossible to acquire anything. Of course this is a considerable problem but it must be dealt with not after, but prior to the creation of a joint venture. If it is not dealt with, and this is what happens to 50 percent of joint ventures, they are doomed to destruction. Hard currency is demanded of us for everything; exports are also demanded. I am categorically opposed to this. In the West no one is awaiting our products, and to export that which the country itself needs is a crime against the people. I feel that on the contrary the task of the joint venture is to replace imports and to create competition even in our sparse hard currency market. The temptation is great to celebrate our exports, but we will have to delay this fanfare about 10 years.

The second group of problems is related to the psychological situation. Our co-workers, and the people who are here are the most enterprising and competent, had occasion to face a difficult problem.

Somewhere these workers had been leaders, and suddenly they understood that they were yielding greatly to



a rank-and-file Western engineer, not because of intellect but because of our distance from the dynamics of progressive scientific-technical thought. We have no experience in management, and we are infected with bureaucracy, idleness and a lack of desire to understand that it is possible and necessary to work without a stick poised over our heads. Interkvadro was helped by the considerable experience of cooperation with French colleagues.

The next question has to do with the quality of workers we have. I will note that incompetence is in general the scourge of our economy, including in joint ventures. In technical matters we are competent but we are not well-informed in the area of commerce, we are unfamiliar with real bank affairs and we do not know how to organize service. Work discipline is low, chaos prevails and the things that can be done quickly, alas, take a long time. We are simply not ready. A new man is needed in this sphere, but it will take years to train him.

When enthusiastic people are behind a project, the project succeeds. But if the people are not supported then, for example, the well-known Sumy experiment will remain in Sumy, i.e. it will remain a single success of individuals and not a mass movement. This refers to Zlobin's methods and to the achievements of Ivanovo machine-tool builders.

The most varied people come to us, some even with dirty hands. Moreover, this is true of both parties. Some from the West have aimed for the Soviet market with a sincere goal—to profit at Russia's expense. All of this is so. Yet the state sector of the economy also has such partners...

We have the opportunity to become truly free in our work. People who want to work have come to joint ventures. When sometimes at 9 p.m. one has to force workers to go home one unwillingly recalls the concept "liberated labor." Of course there are people who cannot bear up under the burden. I don't need your money, they say, I want my 170, and in return I can live an unworried life. To each his own. It is a characteristic feature that almost no one who leaves us returns to state-run enterprises.

[Shestakov] How are the social problems of Soviet workers being dealt with and what can you say about the first steps of the SP workers' trade union?

[Vainberg] Social security exists as in any other Soviet enterprise. The trade union law keeps guard. KZOT [Labor code] extends to Soviet workers. Recently within the framework of VTsSPS [AUCCTU: All-Union Central Trade Union Council] a federation of workers from joint ventures was created and is involved in the social problems of both Soviet as well as foreign SP workers.

But we must state openly that previously protection in practice meant that it was impossible to fire an idler. It is easier for an SP administrator to do this. People are trying—in 2 years the output per worker has reached 53,000 rubles (when total turnover is divided by the number of people). Is this a little or a great deal? In a state enterprise that is similar in profile this output is less by a factor of 3.5, but for our French partner it is greater by a factor of 2.5. Incidentally, in the latter output is still less by a factor of 1.5 than in the American company, I.B.M.

It turns out that it is easy to raise output by a factor of 2-2.5, which can be seen, for example, in cooperatives. This is achieved by a sharp curtailment of management personnel and by a decrease in overhead expenses. But the next step is not the intensification of labor and not a reworking of the economic scheme but a direct improvement in labor productivity by means of new technology. This is already more complicated; after all, this includes interrelations among workers, the decision-making system and a great deal more. The subjective factor is mobilized easily, and that which must be improved together with the general level of development of the country and the infrastructure is complicated to achieve. It is difficult to expect progress until we modernize the country as a whole.

[Shestakov] Are Soviet ministries and departments helping, or, on the contrary, are they setting roadblocks?

[Vainberg] That depends. It is just like in a family—good parents have good children. Thirty to 40 joint ventures have achieved real success. This is normal. Firms created last year have been unable physically to demonstrate their activeness yet.

It seems to me that branch ministries are generally indifferent to the fate of the joint ventures they create. Incidentally, to indifference is added suspicion. MVES [Ministry of Foreign Economic Relations], for example, simply feels that we are enticing cadres.

There are different people in the ministries. Some say, "Let's form a joint venture." Others skeptically shrug their shoulders and say, "Well, you've read too much Gorbachev..." Not all of them are stagnant, for some this is their point of view. Some, if they were put into joint ventures tomorrow, would become excellent workers, but for this it would be necessary to make an effort.

We are not struggling with ministries, but we also cannot say that they are helping us. All of us decided at some point to fight for a decentralized economy. But then what do we need a ministry for? We want to become independent but we still depend on our nanny. Does the government feed businessmen in the West? Our slogan is to do things for ourselves and not to have expectations of the government.

**Significance of Perestroika, Reforms for U.S. Emphasized***90UF0210A Moscow NEDELYA in Russian No 21, 21-27 May 90 pp 6-7*

[Article by Fred Warner Neal under the rubric "What They Think of Us": "The USSR: Difficult Times. How Should the U.S. React?"]

[Text] It is a matter of days until the next, sixth, Soviet-American summit meeting. We think that it will be interesting for the readers of NEDELYA to become acquainted with the viewpoint on the processes occurring in the USSR and Soviet-American relations expressed in this article.

Fred Warner Neal was born in 1915. He is a doctor of philosophy. In 1946-1948 he was a consultant on the USSR in the U.S. State Department. Later he was president of New York University, and in 1957—professor of international relations at the University of California. He has been executive vice-president of the committee on American-Soviet relations for more than 15 years now.

During his last visit to Moscow in early May, Fred Warner Neal gave us this article for publication in NEDELYA.

The revolutionary changes occurring in the Soviet Union and Eastern Europe now bear a charge of enormous force and significance. Their outcome has not yet been determined. Obviously, the Soviet Union has already become more democratic. But one can only guess how lasting this development will be and what forms it will ultimately take. Everything is so confused now that it may result in chaos. In saying that I mean the Soviet Union above all, but at the same time it may be said generally of all of Eastern Europe.

There are several factors that stand out here. First, what has happened and continues to happen in the Soviet Union is a real revolution. The Soviet Union has changed and is changing in vitally important and fundamental ways, even despite the fact that no one knows what the result of all this will be. It is not clear what will become of the Soviet Federation. It is possible it will be preserved, partially in any case, but the form of this federation has already changed substantially. Secondly, the collapse of the Soviet socialist system has become apparent in its so-called Stalinist model and, I think, in certain basic Leninist conceptions as well. The third factor is also obvious and possibly the most important of all. The "cold war" has almost ended and the possibility of terminating it for all time has appeared.

In all these events in the countries of Eastern Europe, and in Germany as well, the role of Mikhail Gorbachev has been and, to my mind, remains the key one. The revolutionary events were not caused by Gorbachev, but thanks to him they have thus far been possible. In the near future his position as the foremost Soviet leader seems completely secure. It is altogether possible that the

new post of president which he took strengthens his position. But how long will that last? Most likely the most difficult question here is whether Gorbachev will try to do something that is inherently impossible.

The essence of what Gorbachev is trying to accomplish, and he has already managed to do it in part, is to change the Soviet political system by making it more democratic, as well as to restructure the economic system in order to rid it of the Soviet bureaucracy's unbelievably rigid and inefficient supervision and at least in some degree develop market forces which could stimulate production in the Soviet Union.

A fundamental contradiction underlies this grandiose effort. Political reforms make state and party power dependent to a significant extent on whether the people approve of or at least consent to its actions. Perestroika in the economy, which is altogether necessary if the Soviet Union intends to get out of the present stagnation somehow, creates, at least at first, incredible confusion in the economy and thereby aggravates a most difficult problem demanding an immediate solution—the shortage of consumer goods. This shortage has become so acute that it has become not only an economic but a political problem as well, in fact political problem No 1.

Shortages of consumer goods are not anything new in the Soviet Union, but it is difficult for Americans to even imagine how acute the situation is and, judging from all reports, it has gotten even worse in the last weeks.

Because of that public opinion is so receptive to various appeals, including certain very antidemocratic ones. Russian history provides many examples where the oppressed and deprived masses have created almost anarchistic unrest as soon as the oppression was eliminated or lessened. That will most likely not happen in the Soviet Union today, but something else may certainly happen. Gorbachev has a lot of enemies who oppose him from the most diverse positions and are more than ready to take advantage of an acute shortage of consumer goods to strengthen their own positions. And appeals for support in the name of democracy do not stimulate any particular enthusiasm among the masses of Soviet citizens when they cannot find such essential things as meat, potatoes, soap, or shoes in the stores. The main economic reforms which Gorbachev is trying to carry out are also received unenthusiastically by broad strata of the Soviet population and sometimes arouse direct opposition and hostility, despite the fact that some of them satisfy the interests of a very broad circle of people. This weakens Gorbachev's support among the people on whom he depends in his campaign against the governmental and party bureaucracy which is unwilling to compromise. I think that he will survive this, but there is no guarantee if all the other factors, including the possible collapse of the Soviet Federation, are taken taken into account. But at least for now, the continuation of Gorbachev's program of reforms depends on Gorbachev himself. It is unlikely that all Gorbachev's reforms can be

reversed unless something unexpected occurs. But, once again, no one can be completely sure of that.

The growing revolt of non-Russian ethnic groups is not directly related to the poor economic situation, but to a considerable extent feels its impact. This assertion may be less justified for the Baltic republics than for the Ukraine or the Caucasus, but there is no doubt that a feeling of dissatisfaction among the people created by the shortage of consumer goods plays into the hands of anti-Soviet minded nationalist leaders whose activities are practically unconstrained as a result of democratization. The termination of the dominant position of the Communist Party—and this process may go even further—has virtually put an end to the Stalinist conception of the Soviet Union as a state, "federated in form but socialist in content," that is, a state where the freedom of the republics is preserved formally, but which is in fact a state held closely together by the All-Union Communist Party, which firmly controls the situation. There is almost no doubt that the republics will bring many unpleasanties for Moscow. The Soviet Union may remain more or less the same as it is now even without the Baltic republics. But the only thing that can definitely be said about the whole situation is that it is very uncertain.

If one looks at the general situation in the Soviet Union from a sociological viewpoint, one may roughly divide the political forces in the Soviet Union into three main groups, each of which in turn has its own subgroups. The first may be called "loyal intellectuals." Most in this group support Gorbachev, but some of them want more rapid progress, while some want slower processes. Most likely the majority of the apparat workers of the Communist Party belong to this group, although by no means all of them. "Unorthodox intellectuals" make up the second group. Most people in this group want Gorbachev to go much further and faster, but here also, in addition to the most implacable apparat workers, is a very conservative and nationalist wing, especially in Russia itself, which encompasses extreme right forces. "Unorthodox intellectuals" also include the leaders of the national republics who want independence in one form or another. The third group, much larger than all the others, includes the simple people on the street, the peasants, and miners, that is, the overwhelming majority of Soviet citizens. Ultimately, whether Gorbachev remains in power and continues his course depends on the degree to which he can keep the support of the two groups of "intellectuals" without alienating the much greater number of simple people who could create unrest and violence at the same time. If success is to accompany him, he must achieve that.

Of all Gorbachev's reforms, the most important, and important in a fundamental sense, that is, not only for the Soviet Union but also for the United States and the entire world, are those which involve foreign policy, the so-called "new thinking" in international relations. The new approach to foreign policy, as to domestic reforms, is a pragmatic one based on inflexible, coldly calculated

state needs. But it is also something more. Gorbachev's viewpoint reflected in Soviet foreign policy is based above all on acute awareness of the indisputable fact, both for the Soviet Union and for all of us, that in the thermonuclear age war must not start under any circumstances. The result of the "new thinking" has become the de-ideologization of Soviet foreign policy. "New thinking" also recognizes some Soviet responsibility for unleashing the "cold war." It means the idea of rejecting the attainment of not just nuclear supremacy but nuclear parity as well. And it recognizes that even weapons intended for defense can be offensive weapons in character and results.

The "new thinking" has appeared in many respects: agreement to conclude the Intermediate-Range Missile Treaty, acceptance of virtually unlimited inspections, unilateral reduction of troops, proposals for radical reduction of armed forces, and decisive shift in Soviet military doctrine. Yes, not all these new positions of the Soviet Union have been completely realized yet, but the path the USSR is following in this regard is unquestionable.

It is completely clear that it is in the interests of the United States and in the interests of everyone else that this new Soviet approach be recognized throughout the world, but above all be recognized in the United States. The American response is of vital significance. In addition to the benefit which it will bring to us all, the appropriate response on the United States' part to Soviet foreign policy initiatives would provide strong support for Gorbachev's political positions within the country. And it seems to me that we must do everything possible to help him. As the new non-Communist leader of Czechoslovakia Vaclav Havel said in addressing the congress, if we want to support a new movement toward democracy in communist countries, the most important thing we must do is support Gorbachev.

What can the United States do? First, cooperate in implementing radical agreements on arms reduction, including above all suspending nuclear testing. Secondly, eliminate restrictions in trade, above all annul the Jackson-Vanek and Stevenson amendments to the 1974 trade act. Thirdly, what we have already proven to ourselves quite well, avoid using the situation in Eastern Europe against the USSR.

But is there something else that we can and should do? Gorbachev's critical problem which needs to be resolved immediately is the shortage of consumer goods. The Soviet Union has not asked for economic aid, and doing so would be politically dangerous for Gorbachev, although some of his associates have been asking recently whether this request should be made. But, considering how important to us all the problems listed are, perhaps the United States should think about some international mechanism for the fastest possible mass deliveries of consumer goods to the Soviet Union, perhaps on the basis of a long-term loan. I am not proposing a "Marshall Plan," but rather immediate emergency aid.



The obstacles to this are very great. It will be difficult to form an international consortium. First, the Soviet Union itself will have to be a participant. In addition to that, the Soviet infrastructure is so defective that there are no real guarantees that the mass of imported consumer goods would ever reach store shelves. This is a very complicated problem. But I really believe that we should study this direction, and as soon as possible.

Time is working against us, just as it is against Gorbachev. This entire situation must also be evaluated from the standpoint of the uncertainty which is international in character, taking into account the crises in Eastern Europe. The crisis in Poland is undoubtedly the most serious, and in certain respects it is not so very different from what is happening in the Soviet Union. Most likely the situation in the other Eastern European countries is not so threatening, although there are a multitude of uncertainties in all of them, including Yugoslavia. It is easy to imagine a worst-case scenario for what may happen: the Poles demand that the border with the Soviet Union be changed and the Germans demand that the border with Poland as well as with the Soviet Union be changed, and the Baltic republics achieve their goal and anti-Soviet regimes are established in them. It is doubtful that Gorbachev or his policies will survive if everything goes that way. The situation in Eastern Europe has shown that the limits of Soviet patience are very broad, but there are limits to it, and no one should doubt that.

Meanwhile Gorbachev remains the main link in the chain of all these events. If he survives, and his "new thinking" prevails both in his country and abroad, the necessary minimum of order and stability will, it certainly appears, be preserved too. But if not, then the entire course of development in Eastern Europe and in the Soviet Union may be disrupted and reversed.

Up to now America has responded to all these opportunities very inadequately. The Bush administration's response has not been too negative; it has been too timid. If the United States can do anything constructive at all in relation to this crisis, the initiative must come from the Bush administration. Up to now there are no signs that the administration is interested in taking the initiative. It is not clear where this timidity comes from—misunderstanding of the problem or fear of the domestic political consequences of any steps in that direction. The right wing of the Republican Party vigorously opposes the idea of economic aid to Moscow, but it does not have many enthusiastic supporters among any other point on the political spectrum either.

From the standpoint of domestic policy considerations, this restraint is perhaps justified. The psychology of the "cold war" has somewhat eroded in our country, but we are still attached to a very significant degree to the image of the enemy, an image in which the Soviet Union bears

the entire responsibility for the "cold war" and generally, by its very nature, continues to present a military threat. One of the aspects of this viewpoint is that the changes in Soviet policy are for the most part the result of a tough American military policy. From my viewpoint, there are no grounds for this opinion. Part of the responsibility for the "cold war" lies with the Soviet Union, but it lies with us as well, and one may still argue which side is more at fault. Many of the present ideas expressed by the Soviet side are not new, even despite the fact that they have been implemented only together with Gorbachev. But those concepts of the "cold war," which if they were at some point justified, and I doubt that, are obviously no longer justified and are keeping us from an adequate response to the current ideas.

I mentioned above achieving an agreement on a moratorium on nuclear testing as a very desirable American response. There is nothing more important in the area of weapons control, it seems to me. But what do you hear about this in Washington? The widespread opinion is that the Soviet Union has itself proven that it cannot be trusted, because it violated the agreement on a moratorium on nuclear testing during the Eisenhower administration. People remind you of that when they explain why we did not join with the USSR several years ago when it unilaterally stopped testing for 6 months. That is one of the very typical myths of the "cold war" which we are completely unable to give up.

What are the facts of the moratorium in the 1950s? The fact is that President Eisenhower himself announced the United States' decision to no longer consider itself bound by the moratorium agreement. Several months after that, the Soviet Union began testing. In my opinion this was a mistaken decision on its part, but it clearly did not violate the agreement on a moratorium on explosions, since the agreement no longer existed after Eisenhower's announcement to renounce it. But nonetheless this myth of Soviet violations of the "cold war" times is repeated ad nauseum even now.

It is precisely that kind of thinking which prevents a response to Gorbachev's initiatives and thus is at cross purposes with our own interests. I in no way mean that American responses can in themselves determine the course of events in the Soviet Union. No, they cannot. But if these responses are given in time, they may become an important and possibly decisive factor.

What we need is a little of our own "new thinking" and a little of our own perestroika. If there was ever a time when new and creative approaches were required of us, this is precisely that time. In fact, even besides promoting the democracy we profess, it may be our last chance to escape from under the nose of the thermonuclear executioner whom we have helped so much till now. It is worth thinking about whether we have much time left.

## Effect of Polish Economic Reforms, 'Shock Therapy' Assessed

### Economic Difficulties Increase

90U F02111 Moscow PRAVDA in Russian 21 May 90  
Second Edition p 5

[Article by A. Starukhin, PRAVDA correspondent. "Surprises of the Market Economy"]

[Text] It seems the factories have existed and poured out their smoke for decades. The people worked their shifts and received their customary wages. The enterprises sold their production in accordance with a once-established order and then again stocked up on raw materials. But then the cost accounting market economy (without any subsidies) has mixed everything up in Poland. It turns out that the place where 100 people must work should not be employing 200.

As a result, manufactured goods, automobiles, and fertilizers which have a high production cost and accordingly an excessively expensive price have stopped selling. The formula for effectiveness is simple: More must be done by fewer people—then things will be cheaper. Yet it must be done in an excellent manner, and then the goods will always be in demand. However, in order to fulfill these conditions it is necessary to change much in production, and primarily to turn it into current, highly technological, and automated production.

Polish industry, agriculture and the economy as a whole today must not simply respond to all these very difficult questions. They are the index of [the economy's] life and death. The market mechanism is severe. Let us take the flagship of Polish ship building—the Gdansk shipyard. It is a clear example of, as well as a testing ground for, the government's capacities to somehow master the levers of the upset economy. Previous authorities simply decided to eliminate the enterprise as being unprofitable. Yet is this not the easiest way out of the situation—to close an unprofitable enterprise. That way one might find oneself out of business altogether...

The country's new leadership took a broader view of the problem and proposed placing the ship production back on its feet through the aid of an American millionaire. Mrs. B. Pasetskaya-Johnson, who became interested in the ship building business. Having studied the situation, she presented her conditions: Out of 7,300 workers, over half must be dismissed, and the rest paid 50 cents an hour. One can certainly not say that the "owner" loosened up her purse strings. The variant was rejected as being seditious and inhumane.

But what should be done now? The government formulated a special group of experts called upon to resolve the future of the Gdansk collective. After some time, they came to the following conclusion: To transform the shipyard to a stockholder's society. They submitted calculations "to the top" which showed that already by 1992 along with the ships, \$34 million in profit would

come off the building ships. In another year—\$79 million—and in 1994—\$94 million.

Yet if only the problem were limited to the shipyard alone. The Warsaw tractor plant "Ursus" turns out 4,500 machines every month. In January the peasants bought 2,000 tractors, and in February—2,800... The enterprise territory is "buckling" under the weight of the "steel horses", while farmers do not even want to buy them on the deferred payment plan—they are too expensive. Under the currently existing prices, the farmers' demand has dropped to about 20,000 tractors a year. Yet 49,000 come off the plant's conveyor each year. Thus, the plant faces the prospect of bankruptcy. And it is not alone. All the factories and combines which produce, for example, mineral fertilizers, are faced with the same problem. Their capacities today are being utilized by only one-half. The warehouses are piled high with production goods. Yet each farm hectare will underproduce an average of 30 kilograms of feeding. As a result, specialists believe, its crop yield will decline by 2-3 centners.

Farmers today are actively slaughtering beef cattle and reducing breeding livestock. It is too expensive to continue to maintain the animals. It is better to sell them in the form of meat. If one looks around—it seems that meat too is in overabundance. Yet if we look at the statistics we will see a different story: The consumption of meat, butter, milk, bread, sugar and other food staples in Poland has declined in recent months by 25-30 percent, and sometimes even by 40 percent due to the high prices.

"Polish experience", or more accurately, the Polish way to the free market, is unique and inimitable, as Western specialists unanimously admit, primarily from the standpoint of its extreme degree of harshness. Reforms in Poland are called nothing other than "shock therapy", "an operation without anesthesia"... This means was possible only under the conditions which were created in Poland. The policy devoid of the slightest sentiment received the support of society thanks only to the effective play on comparisons. In 4 decades, the leadership of the ruling party (PZPR) has only succeeded in ruining the economy. The new cabinet of ministers of "Solidarnost" will lead the country to prosperity. Yet for this it is necessary to voluntarily agree to temporary, even if very serious, deprivations.

Moreover, there was no alternative to this. The bulwark of work stoppages and strike unrest, "Solidarnost", having proven victorious at the June elections of last year, immediately became the citadel of reliable defense of the government, appealing to the people for this very same patience. And for now the people are being patient, waiting and hoping...

Yet let us return to the surprises of the market economy. According to the data of the Polish Republic's Central Planning Administration, the fact of decline in the level of production has been confirmed at 136 investigated enterprises. Their financial position has deteriorated.

and this means also their solvency. Products which find no demand sit in the warehouses and under awnings. Production is declining and plants closing down. Thousands of people are becoming unemployed. Today their number approaches 400,000. There is even a special journal, POSREDNIK, which is published for the unemployed segment of the population in Poland.

Let us take the example of metallurgy. While in 1980 the country produced 19.5 million tons of steel, last year it produced 14.6 million, and even less is expected in the current year. The quality of the metal does not withstand criticism. The average age of the Martin steel shop, which is still typical here, is 67 years... Well, perhaps we should close down ferrous metallurgy like the shipyard? Then \$4.5 million a year would be needed for the purchase of metallurgical production.

Such serious questions have arisen simultaneously with, or more precisely, in the course of implementation of the government's economic reform. One discrepancy leads to another. It seems, a dangerous, closed and vicious circle of unresolvable contradictions is emerging. Yet foreign Western consultant-advisors come and, after acquainting themselves with the course of things, conclude with satisfaction: This is normal. No one has ever emerged from crisis in any other way. The author of the concept of economic reform, Deputy Prime Minister and Minister of Finance L. Balcerowicz, also does not tire of affirming the same thing.

Decisively continuing to create the basics of a market in Poland, the government has reviewed the draft law on handing over state enterprises to private ownership. At first the small ones, from the sphere of trade and services, and then the large ones will be turned into stockholding societies.

Does everyone approve of the implementation of government reforms in the country? For now in Poland the public and social background presents a most non-synonymous picture. One-third less goods and products are being produced. Yet at the same time they are filling up the store shelves because the buying power has declined even more greatly.

The farmers, blocking rural roads and highways, often speak out with protests, accusing the government of a lack of favorable agricultural policy. Even the leader of "Solidarnost", L. Walensa, was forced to publicly call L. Balcerowicz's program "extortionist", referring to its harsh anti-social directionality. At one of his press conferences he said, addressing the ship builders: "I cannot answer for the government which you yourselves elected. The 'honeymoon' between you and the government is coming to an end. We, undoubtedly, should have helped it... Yet now we must part ways. Otherwise we will jointly create a new monopoly".

What is this—an undisguised prayer for the dying? Hardly. Rather it is a propagandist insurance move by the leader of "Solidarnost" before the elections to the local organs of power in May.

The government wants to firmly maintain the market course. It wants to note changes for the better in all things. Speaking at the second "Solidarnost" Congress held in Gdansk, L. Balcerowicz noted: "We have gone from a situation of general deficit to a condition where it is difficult to sell. It is true, we have had to pay dearly for this..." His deputy in the Ministry of Finance, M. Dombrowski, believes that in practice, having already "quelled inflation (today it comprises somewhere around 5 percent), in the next 3 years Poland will achieve full convertibility of the zloty".

So here they are, the non-socialist relations at their first stage.

### Purchasing Power Drops

90UF0211B Moscow LITERATURNAYA GAZETA  
in Russian No 22, 30 May 90 p 14

[Article by O. Prudkov, LITERATURNAYA GAZETA special correspondent: "The Store Windows of Warsaw: Therapy Polish-Style"]

[Text] I admit, after Moscow it was a pleasure to see the Warsaw store windows and shelves. They were filled with goods. Here too there were also the petty merchants who had made trips to the FRG and West Berlin, trading from small shops and street stands in various Western consumer goods—cans of quality beer, juices, candy and cigarettes. They also bring in technical equipment... Lively currency operations are ongoing. For zloty one may buy any foreign currency, including dollars. And even rubles which, alas, are quoted at a very low rate. In short, it is a normal city with normal stores.

Yet even 5 months ago everything was different, almost as it is in our country. The change occurred after the radical transition to a market economy. The plan proposed by Deputy Prime Minister Balcerowicz had gone into effect: Cure by "shock therapy". Its main elements were the complete removal of price controls coupled with the freezing of wages. Naturally, prices jumped up immediately, at first by up to 80 percent. Yet most Poles preferred high prices to empty store shelves. The ratings of the government and especially of Mazowiecki are high (90 percent!). The Polish Catholic Church also supports the reform: Now things have gotten worse, but we must be patient—they will get better.

How should we evaluate the first results of the "shock therapy"? What will come later? I presented these questions to the well-known scientist-historian, Professor Rykhlovskiy. His answer was non-synonymous. An undoubted achievement has been the curtailment of inflation (to 5 percent in the last month). At the same time, the living standard has dropped by approximately 40 percent. In order to compensate for the growth in prices, indexing is being implemented and mark-ups to wages are being defined in accordance with the inflation level. Yet a gap still remains.

In a meat shop there is a large selection of sausages, ham, and meat. There are not many people. The customer ahead of me was buying ham. They cut him a thin slice weighing about 30 grams. Evidently, that was as much as he could afford. When I asked for half a kilogram, they looked at me with respect. However, this purchase cost me my entire daily trip spending allowance. Here is another example. Before there was a long, many-year, waiting list for automobiles. Now practically no one buys them. They are too

expensive. Tens of new "Fiat 126-Ps" stand idle at the factory gates. Buying power has declined. This, in turn, hinders the increase in production level. The decline has reached 27 percent as compared with last year, especially in the sectors manufacturing consumer goods. The problem of unemployment has not been resolved. A major railroad workers strike has begun.

A normal city? Yes. Only the prices are not normal.



### Impact of Territorial Issue on Japanese-Soviet Ties Discussed

90UF02264 Moscow *OGONEK* in Russian No 20, May 90 [Signed to press 07 May 90] pp 16-19

[Roundtable discussion conducted by A. Finogenov: "The 'Non-Existent' Question"]

[Text] For almost 40 years, Soviet-Japanese relations have been overshadowed by Japan's claims to the islands of Habomai, Shikotan, Kunashir, and Iturup, which since 1945 have been under Soviet control. At one time, L. I. Brezhnev himself qualified these claims as being "unsubstantiated and unlawful", while Soviet diplomacy assumed the position of categorically rejecting their discussion. In recent years, however, such discussion has nevertheless begun. Yu. Afanasyev, B. Eltsin, V. Landsbergis, G. Kasparov and even our own LITERATURNAYA ROSSIYA correspondent have had occasion to express their opinions on the question of the Japanese claims... As far as we can judge, the opinions were very widely divided. Some (B. Eltsin and to some degree also Yu. Afanasyev) try to feel out ways of solving the problems which are coming to a head, understanding that we cannot avoid seeking compromises. Others (V. Landsbergis) simply side with the Japanese position. A third group (G. Kasparov) half-jokingly propose that we do not ponder the question too much, but cleverly sell the islands for a good price. Finally, a fourth group (LITERATURNAYA ROSSIYA and company) call upon us to defend our native lands against enemies foreign and domestic, approvingly quoting the "bearded taxi-driver Andrey", who threatened to go up into the mountains with an automatic weapon if the act of traitorous capitulation before the demands of the supstate were to occur. One thing, however, is clear: For now it is primarily the non-specialists who are speaking out. Yet specialists are for the most part keeping silent. The question of the reasons for their aloofness from a discussion of the topic which has received such broad public resonance was how we began our discussion with Professor V. Lukin, RSFSR people's deputy and doctor of historical sciences; G. Kunadze, head of the Political Problems of Japan Department, USSR Academy of Sciences IMEMO [World Economics and International Relations Institute] and candidate in historical sciences; K. Sarkisov, head of the Center for Japanese Studies, USSR Academy of Sciences Oriental Studies Institute, and I. Tyshetskiy, scientific associate at the Diplomatic Academy.

[Correspondent] For many years it was officially declared in our country that the "territorial question" in Soviet-Japanese relations simply does not exist. Is this really so?

[V. Lukin] In Japan this question is often artificially blown out of proportion. In our country it is just as artificially "extinguished". The problem does exist. However, it is not a problem of life and death for Japan. Japan did not live so well when it had the islands, and without them it lives wonderfully. We, however, have

always maintained that the problem does not exist. Whenever we spoke of it, we pretended that our entire defense in the east would collapse if we began to seek a compromise. This is not a state position for the future. It is a capitulation before our own "specific interests".

[K. Sarkisov] The problem exists, and we must honestly admit this fact. It exists already because it is being presented by the Japanese side. The Japanese parliament repeatedly cast its unanimous vote for "return of the northern territories". All of the country's political parties are united on this question. Furthermore, the communists and socialists are speaking out with significantly more extensive demands. What is this? Can we qualify this in the same way as we have always done for our own convenience—as the ill-intentioned actions of certain forces? I am convinced that we cannot.

[G. Kunadze] Today the Japanese already have no need for artificially expanding their demands. Not one political leader in Japan, regardless of what party he represents, can reject these demands without risking quick and irreversible discreditation. That is the reality of the matter. And we, evidently, must proceed from it without any allusions to the means by which we were able to turn the territorial demands into an object of public interest. Ultimately, public opinion never emerges anywhere by itself. It is always formulated in a goal-oriented manner. And when it was formulated, and that is just how it was with the islands, it could no longer be ignored.

[Correspondent] What should we do with our public opinion in this situation?

[I. Tyshetskiy] Public opinion is a rather complex phenomenon, and we must not approach it with singular measurements. Public opinion in a democratic society is one thing, and in a totalitarian society it is something entirely different. To organize "opinion" in a society where democratic institutions are not developed is not such a difficult task. Yet democracy presupposes the right of each person to learn, for example, the opinion of Yu. Afanasyev on the "territorial question" from Yu. Afanasyev himself, and not from PRAVDA's own correspondent in Japan. Then not only will the possibility of defaming, but even of dishonestly presenting a different view of things will practically disappear.

[Sarkisov] Our public opinion, which has for many years been forced into the rigid framework of the official position or simply ignored altogether, has today awakened from its sleep and is drifting in the direction of rah-rah-patriotism. "We will not yield even an inch of ground!" At the same time, we sometimes hear the amateurish appeals "not to be petty" and to meet all of Japan's demands. I am opposed to both extremes. We must prepare public opinion for the fact that the only correct course is political dialogue, which could lead to a mutually acceptable compromise.

[Kunadze] I would like to remind you of the speech by V. I. Lenin on the work of the VTsIK [All-Russian Central Executive Committee] and the Sovnarkom [Soviet of

People's Commissars] presented at the first session of the VTsIK, 7th Convocation, on 2 February 1920. Concerning the peace which had just been concluded with Estonia, V. I. Lenin said: "...we have made a number of territorial concessions... when we proved in deed that the question of boundaries for us is a secondary one, while the question of peaceful relations... is not only the principally most important question, but one in which we have been able to win the trust of nations hostile to us". You must agree, Lenin's words contain, I would say, an entirely different strategic approach to the idea of concessions. Yet what good is it to refer to Lenin? It is quite obvious that today a significant portion of our public opinion will not accept the idea of concessions.

Yet perhaps we should look at things in a different way. Not in the context of concessions, but strictly in categories of international law. Not in what we *can*, but in what we *must* do as the subject of this law, as a state which answers for its international responsibilities, including past ones. After all, we want to build not only a democratic, but also a legal state. Here it is important not to allow a shuffling of the facts, a substitution of legal concepts by emotions, as V. Sukhnev did, for example, in his recent articles in *LITERATURNAYA ROSSIYA*. We must honestly present to the people the real facts, and not simply their interpretation.

[Correspondent] Then let us first of all define the question itself. In brief, what is the essence of Soviet-Japanese territorial differences?

[Kunadze] The Japanese government lays claim to the islands of Kunashir and Iturup from the Great Kuril range and to the islands of Habomai and Shikotan, related to the Minor Kuril range. The Japanese side maintains that it has inalienable rights to all these lands and that no agreements dating back to war or post-war times have negated these rights, and in some ways they have even confirmed them.

The position of the USSR, naturally, is the direct opposite.

[Correspondent] Let us start with history. We have firmly established the opinion that the islands to which Japan lays claim are truly Russian territory.

[Tyshetskiy] By the way, in the minds of most Japanese, a directly opposing opinion has become just as firmly rooted.

In fact, the native residents of the islands were Ayn tribes. Their fate was tragic. The colonization of the Kurils first by Russia, and then by Japan, led to the complete disappearance of the Ayn ethnoses on these islands. It is another matter when we speak of the discovery of the Kuril Islands for the entire world and of the presence of their economic development. Here Russia's priority is unconditional, I believe. From the time of the first sailing of I. Kozyrevskiy to the northern group of Kuril Islands in 1711, Russian merchants and explorers persistently, step by step, proceeded to the

south of the archipelago, until finally in 1739 one of M. Spanberg's expeditions founded and charted (for the first time) the southernmost islands, including present-day Iturup, Kunashir, Shikotan and Habomai. It is true, by that time some of them, specifically Kunashir Island, were known to the Japanese from the principality of Matsumai (present-day Hokkaido Island). However, the Japanese made no efforts to explore, not to mention develop, the Kuril Islands up until the end of the 18th Century. Nor could they, since at that time the government of feudal Japan to which the Matsumai princes were subordinate strictly adhered to a policy of self-isolation of the country from the outside world. The czarist government, on the other hand, encouraged in every way possible the exploration and development of new lands in the east by its subjects.

[Kunadze] It is extremely difficult to irrefutably prove the so-called right of first development, since neither the Japanese nor we have truly been able to develop them. It is difficult to prove also who was first on the islands. We have our arguments and the Japanese have theirs. Initially, neither the Russians nor the Japanese settled on the islands, but episodic expeditions might simply have passed each other. In short, the controversy over historical priority as an instrument of politics, from my standpoint, is unfounded.

[Correspondent] Nevertheless, can we proceed from the fact that our country has more historical rights?

[Lukin] We may proceed from whatever we like. And it is also possible to prove anything. Yet absolutely nothing comes of this. It is quite possible that it was not Columbus who discovered America, but Erik the Red. Well, so what?

[Sarkisov] The thesis about our historical priority is, to put it mildly, controversial. Especially if we consider the Japanese arguments in full, and not in abbreviated form, as well as the documents which the Japanese have at their disposal. Yet this is not the main thing. The historical argumentation, in my opinion, does not have any significant legal importance. The historical aspect formulates only the moral- psychological aspect of the problem. If today we were to re-chart the entire world map according to the principle of first discovery, it would be worse than after the well-known Babylonian events. Therefore, I personally am surprised at the energy with which both sides strive to find arguments of a historical order to work in their favor at the negotiations for conclusion of a peace agreement. This is a useless endeavor.

[Correspondent] How was the question of territorial division resolved between Japan and czarist Russia?

[Tyshetskiy] It was resolved in the general context of formulation and development of bilateral relations. We must note that this process proved to be a lengthy one and took place with great difficulties. The numerous efforts by Russia to establish official contacts and to set



up trade with Japan met with unwillingness and counteraction on the part of the latter. Only in 1855, following the American and British [contacts with Japan], was Admiral Ye. Putyatin able to make a breach in Japan's policy of self-isolation and to conclude the first Russo-Japanese agreement in the city of Simorda. According to this treaty, the boundary in the Kurils was drawn between Urup Island and Iturup Island, while Sakhalin Island was proclaimed undivided. By that time, Japan had already begun to assimilate the southern part of the Kuril archipelago, while Russian settlers practically went no further than Urup Island. Therefore, the Simordskiy Treaty on the whole realistically reflected the situation which had arisen by the mid-19th Century on the islands, as well as the territorial claims of the parties based on [this situation]. Today Japan in fact demands the restoration of the 1855 boundary in the Kurils.

Later the boundary changed as follows. According to the agreement of 1875, Russia agreed to give Japan all the Kuril Islands in exchange for the latter's rejection of any claims to Sakhalin Island. As a result of the Portsmouth Peace Agreement, which marked the end of the Russo-Japanese War of 1904-1905, Russia was forced to concede South Sakhalin to Japan. Thus, by 1917 all the Kuril Islands and South Sakhalin were under Japan's sovereignty.

[Kunadze] In his articles in LITERATURNAYA ROSSIYA which we have already mentioned, V. Sukhnev, as he says, "repents" that he did not delve into the clever wordings of past agreements. I believe such repentance to be unconvincing. Elementary honesty should have motivated the journalist to get to the bottom of the matter, especially since it was not necessary to go anywhere to do so. It would have been enough simply to call our institute. And, as you can see, there are no clever wordings.

[Correspondent] How did the relations between the Soviet Union and Japan develop in the period prior to World War II?

[Tyshetskiy] They developed very poorly. Both sides preferred to view each other through the eyepieces of military binoculars. Added to the far from idyllic baggage of Russo-Japanese relations was the great new potential of mutual mistrust. In our country, neither the Japanese intervention in the years of the civil war nor the provocations along the Chinese-Eastern Railroad line, nor the armed conflicts at Lake Hasan and along the Khalkhin-Gol River were forgotten. All this took place.

But there was also something else, which has still been partially retained. Somehow, we became accustomed to believing that all the crimes of Stalin's leadership relate to the sphere of domestic policy, while in foreign policy the USSR tirelessly fought for peace during all the pre-war years. This notion requires at least some clarification. Soviet foreign policy changed in the course of the 30s as Stalin strengthened his positions within the country. The turning point was 1939, when M. Litvinov

was displaced and V. Molotov appointed to the post of people's commissar of foreign affairs. The "friendship" with Hitler, the shameful Molotov-Ribbentrop Pact, the aggressive Finnish War—that is the foreign political baggage which Stalin accrued on the eve of Germany's attack on the USSR. At that time he made efforts to "secure friendship" also with militaristic Japan.

Nevertheless, this did not keep Stalin from at the same time thinking about expanding the Soviet boundaries in the east. A curious episode relating to the mid-30s was related by I. Isakov to K. Simonov. During one of the receptions in the Kremlin, Stalin most seriously assured Isakov that South Sakhalin, which during those years was under Japanese sovereignty, would soon again become Soviet property. Of course, from the standpoint of restoring historical fairness, this notion could only be supported. Something else is unclear, however. How did Stalin intend to regain South Sakhalin in the mid-30s? After all, this could be done only by force. And was it not at that time that Stalin first began to think about the future of the Kurils? We might add that he approached this question in a strictly pragmatic manner, without particular emotions about returning "primordial Russian territories". In his speech to the Soviet people on the occasion of victory over Japan on 2 September 1945, Stalin said that the Kuril Islands would henceforth serve as a "means of direct connection of the Soviet Union with the ocean and a defense base for our country against Japanese aggression".

I have said all this not to argue against the righteousness of our sovereignty over South Sakhalin and the Kurils, but in order to illustrate the approach of Stalin's leadership to these questions and his imperialistic style of thinking. The question was resolved exclusively from the positions of power. Unfortunately, the "great power" approach to Japan became deeply rooted in the mass consciousness in our country and is still not entirely outlived even in official spheres.

[Correspondent] As we know, on 2 September 1945 Japan signed the Act of Complete and Unconditional Capitulation. It thereby accepted all the conditions agreed upon by the allies in the years of the war, including the Yalta Agreement, in accordance with which the Kuril Islands must go to the Soviet Union. How, then, did the "territorial question" arise in post-war times?

That is not quite correct. At the moment of signing of the capitulation, the Japanese government did not and could not know about the Yalta Agreements which bore, as we know, a secret character. It is specifically on this basis that the Japanese side objects to our traditional references to the agreements reached in the Crimea. Here we encounter a difficult political and legal problem. It is not difficult to understand that the talks by the allies in Yalta were conducted during the war and thus had to be secret. This is the political aspect of the problem. However,

from the legal standpoint, the results of the talks, of course, had to be secured by agreement with the necessary participation of Japan.

[Tyshetskiy] That is the thing, that Japan capitulated unconditionally in the military plane, but in the political—on the conditions of the Potsdam Declaration. In the Act of Capitulation, the Japanese representatives signed under the statement that they accept the conditions of the Potsdam Declaration and promise to "honestly fulfill" them. However, the Potsdam Declaration in no way resolved the question of the post-war status of the Kuril Islands. This question was examined by the allies at Yalta. And here is where one of the most difficult questions arises: How to evaluate the Yalta Agreement regarding the entry of the USSR into the war against Japan? In none of the documents which it signed did Japan directly or indirectly accept the conditions of the Yalta Agreement. Many lances have been broken over the attempts to prove the mandatory nature of the positions stated in the Yalta Agreement for Japan. And, I believe, all for nothing. Even if Japan recognizes it, this will not change much, since the Yalta Agreement does not contain a precise definition of the concept of "Kuril Islands". One of the basic arguments of the official Japanese position is the fact that, in resolving the question of the post-war fate of the Kuril Islands, the allies were not referring to the South Kurils.

[Correspondent] Aside from the Yalta Agreement, which was not recognized by Japan, there is also the San Francisco Peace Agreement, which, it is true, does not bear the signature of the Soviet Union. However, it does bear the signature of Japan.

[Lukin] Yes, Stalin made a mistake here. However, the matter, I believe, is not one of signatures, but of Japan's desire for self affirmation, its desire to show that it is a great power.

[Sarkisov] That is the thing. According to the San Francisco Peace Agreement, Japan rejected all rights and claims to the Kuril Islands. This rejection bears an absolute character whether or not it bears the signature of the Soviet Union. It is clear that the Kuril Islands do not belong to Japan. Consequently, in order to lay legal claim to Kunashir, Iturup, Shikotan and Habomai, the Japanese must at least prove that these islands are not the Kurils. This is difficult to do, at least in regard to Kunashir and Iturup. This, I believe, comprises the strength of our position from a legal standpoint.

[Kunadze] The USSR's refusal to sign the San Francisco Agreement was truly one of the gross errors of Stalin's diplomacy. It is useless to guess how events would have developed had we joined in the peace agreement. However, I believe that in this case the question of the Kurils would be reflected clearly and unambiguously in it. For this we needed only to list in the text of the agreement all the islands which Japan renounces claims to, and to indicate what country they should go to.

In fact, however, the agreement secured Japan's rejection of the Kurils only in the most general and, we might say, impersonal form. The speech by the head of the Japanese delegation in San Francisco, S. Yosida, emphasized that in Japan's interpretation, the islands of Kunashir, Iturup, Habomai and Shikotan are not included in the concept of the Kurils. The conference did not qualify this statement in any way. That is, it neither refuted nor supported it. I personally cannot begin to judge whether this is sufficient grounds for a juridically legitimate formulation of the question by Japan regarding the ownership of the indicated islands. Here we need a scrupulous legal analysis. As yet the situation seems to be not entirely clear to me.

[Correspondent] When did the talks on normalization of post-war relations between the USSR and Japan begin, and how was the "territorial question" resolved at that time?

[Kunadze] These talks began in 1955 in London, and were concluded in the fall of 1956 in Moscow with the signing of the Joint Declaration on restoration of diplomatic relations. The question immediately arises, why was a peace agreement not signed at the same time? The reason is that the parties could not agree specifically about the fate of the islands of Kunashir, Iturup, Habomai and Shikotan. Under such conditions, it was possible to sign only the above-mentioned Joint Declaration, which even today is the main document defining the status of Soviet-Japanese relations.

Japan's initial position during the negotiations of the 50s consisted of achieving the "return" of all the Kuril Islands and the southern part of Sakhalin. This was, undoubtedly, a gross error on the part of Japanese diplomacy, which gave rise to a suspicion by the Soviet side which has not yet been entirely overcome even today. This suspicion was that, having satisfied its current demands, Japan would then present new ones.

As for the Joint Declaration, it, as we know, included the obligation by the USSR to hand over the islands of Habomai and Shikotan to Japan immediately after conclusion of a peace agreement. Moreover, on the eve of the signing of the already coordinated declaration there was an exchange of letters between A. A. Gromyko and the Japanese representative, S. Matsumoto, in which the USSR's readiness to further discuss the territorial question with Japan was confirmed. The Japanese even today understand this to mean that as soon as the fate of Habomai and Shikotan was determined, the discussion of the territorial question presumed and presupposed a discussion specifically about the possession of Kunashir and Iturup. That, evidently, is how it was. However, the thing is that the Japanese allowed one more error here in signing the Joint Declaration, which made no mention of the exchange of letters. From a legal standpoint this evidently means that the Gromyko-Matsumoto agreement lost its juridical force, retaining only the character of a moral responsibility.

[Correspondent] However, soon the Soviet government reviewed the decision of 1956 regarding handing over the islands of Habomai and Shikotan to Japan. What were the grounds for this?

[Tyshchetskiy] The formal basis for this was the conclusion of a new Japanese-American security agreement in 1960. Here, however, we must remember the following. First of all, the security agreement was first concluded back in 1951, and in 1960 it was signed simply in a different edition. Secondly, this agreement did not contradict the letter of the Soviet-Japanese declaration of 1956, which stated that "each of the states has the right to individual or collective self defense". And finally, the most important point: The declaration of 1956, which spoke of handing over the islands of Habomai and Shikotan to Japan after the signing of a peace agreement, was ratified by the supreme legislative organs of both countries, that is also by our Supreme Soviet. Yet the refusal to fulfill this point of the declaration was contained in the Soviet government's 30 June 1960 Declaration.

Today, when we have undertaken the building of a legal state, the following question is current: Can the executive power rescind or stop the promises given in the name of the supreme legislative organ of the country? The principle answer to this question will determine the seriousness of our intentions.

[Sarkisov] Yet, we might add, this does not weaken our position. After all, the Japanese still do not agree to a compromise according to the formula of '56. They prefer not even to mention this document which, it would seem, is beneficial to them.

[Kunadze] From my point of view there were no legal grounds for reviewing the Joint Declaration. After all, the Joint Declaration is a bilateral document. It cannot be reviewed in unilateral order. However, the references to the fact that adherence to the agreement on handing over the islands of Habomai and Shikotan became impossible because Japan signed a security agreement with the USA seem unconvincing to me. The effort to force Japan to reject signing the indicated agreement by threatening it with annulment of our responsibilities, appeared then and still appears now as intervention in its affairs. Therefore, I think that in the interests of restoring fairness and strengthening trust between our countries, we should unambiguously disavow the statements of the Soviet government made in 1960.

[Correspondent] Was the "territorial question" examined in the 60s-70s?

[Sarkisov] Yes, and more than once. This was done in the framework of diplomatic contacts. The apogee was the talks between L. I. Brezhnev and Prime Minister K. Tanaka in 1973. At that time, the text of the joint communique included the phrase on "problems which remain unresolved since World War II". The Japanese often say that during the negotiations themselves, to the question of whether "unresolved problems" referred to

the territorial problem, Brezhnev said something in the affirmative. However, this was not included in the text of the official document.

[Correspondent] Is the "territorial question" presented during Soviet-Japanese negotiations today?

[Lukin] Yes, it is presented. There are periodic meetings of "working groups" of diplomats. There, each side tells the other when their first fellow countryman set foot on the islands. There are many documents, so there is much to talk about.

[Correspondent] We spoke about the history of the question and its legal aspect. Yet what are the political consequences of the post-war non-regulation of Soviet-Japanese relations? What are the Soviet Union and Japan losing from the absence of a peace agreement between them, and can we do without one in general?

[Tyshchetskiy] In principle, of course, we can. After all, we have done without it up until now. However, it is not the peace agreement in itself which is important, but good neighborly relations. This is why I believe that our failure to sign the San Francisco Peace Agreement was not such a great error on the part of Soviet diplomacy. Our relations with Japan today would hardly be much better had we signed it at that time. After all, the Japanese were already presenting their territorial claims at that time. Therefore, the differences of opinion would still have been retained, although perhaps in more concealed form. In my opinion, a strong peace agreement is only one which is built on a certain compromise. Peace dictated from a position of force is always potentially explosive. Therefore, I would prefer to speak not so much about a peace agreement as about the restoration of mutual trust. Although, when there is also a legal statute in the foundation of such trust, that is really good.

[Sarkisov] The viewpoint that we can do without a peace agreement was quite popular in the past. We were a great power, and our great power status was manifested also in our diplomacy. But what about the Japanese? We have only quite recently ceased looking down on them. The situation has changed. Japan's economic potential is quantitatively almost two times greater than ours, not to mention its qualitative parameters. That which was at one time considered to be our strength—expanse, resources, economic structure—is now our weakness. Japan is a world leader of a new type. We are an old leader, restructuring ourselves as we go along.

[Correspondent] Is it possible to have qualitative improvement and full-fledged development of Soviet-Japanese relations without regulation of territorial differences?

[Sarkisov] Regulation of the territorial problem in itself cannot lead to qualitative shifts in bilateral relations. Japan's economic interest in us remains quite humble, as before. That is how it will be until we radically restructure our economic strategy and turn everything upside down. Japan will remain an ally of the West, and the



Japanese-American military-political alliance will not collapse. The confrontation in our relations will remain until our policy is derived from ideological postulates, and not national interests. But what will change then? The political climate will change. The dependence and accordingly the vulnerability of our relations will disappear, as well as their dependence on the political situation. The potential of mutual trust will increase, which today is at a mark close to zero. Is this worth making a fuss over territories, over a question which is so unpopular in our country? Yes it is! I am opposed to tying in this problem with others in the Japanese as well as in the Soviet version. The question of "And what will we get from this?" sounds mercenary in the least. I oppose the commercial approach. To regulate the problem on the basis of a mutually acceptable compromise and to save face in doing so, not to lose politically by winning in the plane of our security—that is already quite a lot. To have a peace agreement with our neighbor, and one like Japan, with secure borders—what could be more important?

[Correspondent] As far as we know, Japan has territorial differences not only with our country, but also with its other neighbors—South Korea and China. However, in these cases the existing differences do not hinder the normal development of bilateral ties.

[Kunadze] The similarity here is only an apparent one. In Japanese-Chinese relations the claimant to the territories—the Senkaku Islands (Diaoyu Dao)—is China, while Japan has possession of them. Here in general there is no analogy with Soviet-Japanese relations. The disagreement between Japan and the Republic of Korea regarding rights on Dokdo Island (Takeshima) is outwardly similar to the Soviet-Japanese disagreement. Here it is Japan who acts in the role of the claimant. It is acting very passively. There are two reasons for this, in my opinion. First of all, the Japanese—the government and the public opinion—fully realize their guilt for Japan's actions in the years of its colonial rule in Korea. Secondly, an agreement has been concluded between Japan and the Republic of Korea which has officially already put an end to their past.

[Correspondent] Often the thought is expressed that any compromise with Japan on the territorial question is impossible, since any concessions on our part will inevitably entail even greater territorial aspirations by the Japanese.

[Lukin] This is not a serious consideration. A peace agreement must be formulated clearly and unambiguously in this plane.

[Correspondent] Who stands to gain from the preservation of the "territorial question" in relations between the USSR and Japan?

[Kunadze] Let us be frank. Conservatives in our country and in Japan will benefit from retention of the present dead-end situation, and on the whole those forces of the

past which, as before, want to perceive each other as "insidious samurais" and "wicked bears".

[Sarkisov] The only one who wins is the one who does not want or is not ready for the development of friendly and fruitful ties. The Americans also benefit. Without any efforts or expenditures they are able to distance the country which is their most important ally in Asia in all respects from the Soviet Union.

[Correspondent] How well founded are the fears that the change in the line of the Soviet border in one place may undermine one of the invariable principles of our foreign policy—the inviolability of post-war boundaries?

[Lukin] I believe that this principle must be retained as the principle of inviolability of international boundaries which have been agreed upon and acknowledged by treaty.

[Tyshetskiy] Soviet-Japanese territorial differences have remained as the only unregulated problem in the post-war arrangement of the world. In Europe the inviolability of post-war boundaries, aside from various bilateral agreements, is secured by the Concluding Statute of the Conference on Security and Cooperation. Therefore, from a juridical standpoint, any aspirations for territorial changes in Europe are illegal. Although I will repeat once again that in politics, the fewer contradictions a certain decision contains, i.e., the fewer national interests of either of the parties it infringes upon, the more firmly it is maintained.

[Correspondent] Much is said today about the prospects of creating a free economic zone in the South Kurils. Is this not the way toward regulating the problem?

[Lukin] That is a good idea. It is a way of moving ahead on civilized principles. The dispute over territories based on the principles of "mine or yours, nothing else is given" is from the stone age.

[Tyshetskiy] I am convinced that the creation of free economic zones, and not only in the Far East, is the first necessary step toward overcoming our autarchy which has existed for decades.

Yet this idea also has its opponents. For example, the previously mentioned V. Sukhnev was up in arms against it. For him, any form of participation by the Japanese in the economic development of the Kuril Islands is a betrayal of our national interests, a sale of Russian land. The man yearns for the "iron curtain" which has begun to crack in the Far East...

[Sarkisov] The idea of a free zone in the Kurils is good and promising. However, its realization does not solve the political problem, since the pivotal point of the latter is the question of sovereignty over the islands. How to find a mutually acceptable compromise on specifically this question—that is the rub! Yet economic and cultural ties and the development of thousands of channels of

mutual communications—all this is important for accumulating the necessary potential of mutual trust and for eliminating the "image of the enemy".

[Correspondent] The Japanese already today openly engage in poaching in Soviet territorial waters, inflicting great harm upon our national economy. If we allow their official economic presence in any form in the South Kurils, will this not lead to the most ruinous consequences for the preservation of the marine resources of this region?

[Kunadze] Regardless of how the question of boundary division is resolved in the future, today poaching and all other violations must be curbed decisively but, I will stress, within the framework of the law. The sincere regrets of our border guard, which are fully shared also by LITERATURNAYA ROSSIYA correspondent V. Sukhnev, regarding the prohibition against opening fire on violators simply leaves us dumbfounded. As if the Korean air liner was not enough for us, let us sink a few fishing boats too. Yet at the same time I am in principle opposed to using the easing of the regime as a means of smoothing out the existing differences with the Japanese and of putting off the moment when the problems which have come to a head will have to be seriously dealt with.

As for our fears that, once on the Kurils, the Japanese will plunderously exploit them, such a fear seems unfounded. Having placed Japanese participation in the development of the Kurils, Northern as well as Southern, within the framework of the law, and guaranteeing [this participation], we will rid them of the psychology of favourites, which has always prompted people to squander not only natural resources.

[Correspondent] How do you see the way to full normalization of Soviet-Japanese relations?

[Tyshetskiy] There is only one way—through the restoration of mutual trust. Then our countries will be able to solve any, even the most complex, problems.

[Lukin] I will be more specific in my recommendations. Each side must stop "sizing up its forces" and pulling the blanket for itself. We must begin a serious, perhaps at first unofficial, dialogue on the multi-step means toward a final compromise. Such a compromise is entirely possible.

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### ROK As Economic Model, Prospects for Future Ties Examined

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[Article by Vladislav Dunayev, "Novosti" Press Agency correspondent for LITERATURNAYA GAZETA: "South Korea—The Leader Among the 'Four Dragons'"]

[Text] I gained an understanding of South Korea already aboard the double-decker Boeing-747 during my 10-hour flight to Seoul's Kimpo Airport. "KAL", in my opinion,

in no way differs today from its Japanese partner-rival "JAL", except for its inexpensiveness. The level of informational services is the same: The 12 broadcasting channels (with disposable earphones at each seat) include several musical programs—in Korean, English, and Japanese, various programs in different European languages, as well as three channels which provide Korean, English and Japanese text to the films being shown on the movie screen. Finally, there is the readiness to be of service by the ever-smiling young stewardesses—stately, quiet-stepping, adroit and skilled.

And here it is—Seoul. One after another, the majestic bridges of modern architecture float by. More and more multi-story buildings appear. The leader among them is the 63-story "Building-63", reminiscent of one of Tokyo's "intelligent buildings", skirt-shaped in the Shinjuku region. A few more minutes, and the car, the latest model of the South Korean Hyundai, zooms easily up the hill along the sharp turns of the shady lane, toward the Sheraton Hotel. It has a full "star" rating: Aside from three channels of national television and three more cable channels (the cost is included in the total bill), it has a continually accessible American channel. However, it is intended primarily for the contingent of U.S. military bases located in South Korea—testimony to the tragic division of the country, the unhealed wounds of the "cold war" which remain to this day.

For 30 years I have been dealing with Japan, and during all these years the topic of American military bases always comes up. This time the problem arose before me in South Korea. On the whole, the prospects are obvious: As official South Korean representatives have stated, by the end of the '90s the American presence on the peninsula will be purely symbolic. However, this places many complex problems on the agenda, and primarily—the military budget. After all, the South Korean economic miracle (just as the Japanese, we might add), is based largely on the comparatively low military expenditures. And this is under conditions of a continuous exhausting watchfulness in regard to everything that is above the 38th parallel...

The situation on the Korean peninsula, evidently, testifies to the urgent need for regulating all spheres and levels of relations in the Asian-Pacific region—military, political, economic, cultural, and humanitarian. It is therefore no accident that we are heartened by the first, as yet timid, with backward and sideways glances, yet well-intentioned, steps which the USSR and South Korea are taking toward each other. For the present day these are steps toward cultural and economic cooperation, and in the future also toward political cooperation.

We may, of course, argue that South Korea, which has assimilated the "Japanese model", "lags behind Japan" by several years. Evidently, it lags behind by just as many years as the end of the Korean War lags behind the end of World War II. In any case, I noted significantly fewer indications of "lagging behind" that I did of evidence of stability, effectiveness, and strength of the prospects for

continued socio-economic development of the state which leads the "four dragons" of Asia—South Korea, Taiwan, Singapore, and Hong Kong.

Japanese researchers have presented the concept of 8 principle stages of economic development. In the first of these, the forces of society are primarily concentrated on the procurement sectors. In the highest, the eighth stage, the priority is placed on space research, bio- and genetic engineering. According to this gradation, South Korea, which in the '60s began its conquest of the world with its textile industry production, at the present time, undoubtedly, has moved along two-thirds of the scale, expanding in a planned manner its export nomenclature in the automobile and electronics industry. At the same time, its "lagging behind" Japan is expressed in its still significant interest in the import of raw materials. Like Japan, the country is almost devoid of its own natural resources, but continues to develop material-consumptive sectors. This opens real prospects for mutually beneficial cooperation with the USSR. For us, among other things, this means the possibility of obtaining progressive technology of a rather high level, a general understanding of which I obtained by acquainting myself with the Samsung Corporation.

Samsung—"Three Stars"—unites 37 companies of different description which produce textiles and sugar, build ships, hotels and department stores, strive for high profitability of agriculture, insurance and construction machine building. Yet "Three Stars" has gained recognition throughout the world primarily for its broad spectrum of electronic products. Out of 150,000 employees (the ratio of "blue" to "white" collar workers is 50-50), 37,000 produce computer technology, televisions, video recorders and cameras, automated office equipment, and high class household appliances.

"Samsung" has divisions in the USA and Mexico, England, Portugal and Spain, Thailand and Malaysia. Construction of four new "transoceanic" enterprises is currently being completed, including also in London. Soon a plant for production of color televisions and video equipment will open in Hungary.

The history of "Samsung" dates back to 1938, when its founder, Yi Pyong-chol, who at that time was a poor merchant just starting out, was able to define the new tendencies in world production. He was aided in this by his friend—the patriarch of electronics Matsushita, who created the Japanese school of production management. Yi not only introduced many elements of the management system at his enterprises, but went even farther. Considering the experience of the trade union struggle in Japan, he preferred to get a step ahead of the events. Instead of a trade union organization (within the framework of the corporation there are only two of them—in the newspaper and in the insurance company, in accordance with the demands of the constitution), Yi introduced a system of contract relations. The task of the contract mechanism is to prevent labor conflicts which ruin the social climate and inflict harm on production

itself as well as on the workers. In essence, Japan also came to an analogous system, which was manifested in the formulation and activity of "Rengo", the former trade union associations, including the militant Sohio.

Even two years ago, 70 percent of Samsung's electronics production went for export. Today, however, this figure has dropped to 53 percent—the result of expansion of the domestic market and the growth of the population's buying power. The material position of the workers in the company itself has also improved. In the last 3 years their wages have doubled, so that in the current year the decision was made to limit labor wage increases to 10 percent.

I thought about the far-sightedness of Samsung's founder as I became acquainted with yet another of its offspring—"Dragon Village", a variant of Disneyland, which also included a miniature safari. It was distinguished by many original traits in accordance with the traditional symbolics of its name: The dragon is a symbol of emperor's power, of all the highest and most noble.

The construction of the village, including the organization of the agricultural production and the craftsmen which serve it, began at Yi's initiative back in 1970, when Samsung was taking its first steps. In the year of its opening, 1977, hardly could anyone have predicted its current importance in the life of the company as well as in the life of the country's entire region. The market economy which to us is a sealed book holds, among others, the following secret: In spending capital, you are for the most part sowing the seeds of its future growth. Last year, "Dragon Village" was visited by 4.7 million people—representatives of three generations of "Samsungites", and not only them, since the residents living near and far from the Dragon's "holdings" have long been bringing their children and grandchildren here.

The dividends from capital once invested by Yi are not limited to the profits of the company and local production. On the day when I was graciously invited to visit the Dragon, everywhere in the huge green park of various attractions which fills the cozy glen between low hills there was happy noise and laughter, and smiles blossomed on faces of all ages. Amidst nature, in contact with the fairytale, with those near to us and far, a general goodwill was naturally born—the basis for a healthy social climate, a constructive atmosphere for creative plans, hopes, and labor.

I inquired about the corporation's plans. The head of the information section at "Suveon" enterprise—an electronics branch of Samsung, Choe Il-yong, has no doubts about the company's ability to take its place among the world's leading corporations already in the '90s—IBM, Sony, Toshiba, and Matsushita.

"I like the 'aggressiveness' of our businessmen. Nevertheless, we must be more realistic." That is how the interview began in one of the country's brain centers—the Institute for Development of South Korea, where I met with its president, Professor Ko Pong-ho.



"Our goal is not to 'catch up to Japan'. By the beginning of the new century we must enter the community of developed countries and build a society which is moderately well off—the only firm base for social stability and forward progress."

"How do you view the development of our bilateral cooperation and the prospects for integration of the Soviet Union into the Asian-Pacific region?"

"On the whole I am optimistic in my evaluation of the capacities for economic cooperation in the region, including also between our countries, for example, in the development of Siberia. Both we and Japan need resources, so our countries may be of mutual benefit to each other. Unfortunately, the world is not developing according to the laws of economic priorities, and there are some obstacles which have not yet been overcome."

"The post-war projects for development of South Korea bore a brave and risky character, primarily oriented toward joint enterprises with the Americans and the Japanese. Today we cannot overlook the interests of our partners, on whom we are to a significant degree dependent as the main importers of our products. However, I am convinced that in the future both the USA and Japan will welcome our cooperation with the USSR. After all, the world is changing rapidly. Let us take for example the German question, Eastern Europe, or perestroika. We are emerging from the state of cold war. New tendencies are becoming stronger in bilateral relations. Two years ago our goods turnover was evaluated at \$200 million, and this year it has already exceeded a billion. In the future there will be development of joint enterprises. We still do not produce goods which are comparable in quality to those of Japan, England, or the FRG, but we do make good quality and cheaper products..."

"Is cooperation along the lines of our research—your technology promising?"

"This is a very promising sphere, especially today, when the USA, Japan and the EEC are becoming ever more protectionist in regard to their scientific-research and project design work. Considering such a tendency, our government has decided to increase expenditures for our own scientific developments from 2.2 to 5 percent of the GNP. You have significant achievements in the sphere of scientific research to your credit. However, in the sphere of practical realization things are not so good, it seems... And here we can again augment each other."

"How do you view future world development, and what do you see as the role of your country as a member of the world community?"

"We are interested in a system of cooperation between the countries of the Asian-Pacific region with consideration for the fact that the USA, Canada and Mexico are already integrated. However, we do not want to have rigid ties in the region, such as we see in Europe of the 'Market- 92' type. Our position consists of upholding the principles of free trade. Therefore, although we do

not oppose 'one hat' on the head of Europe, we would not like to encounter the EEC as a closed market."

"A constructive means of development is trade, joint enterprises, and joint scientific research and development. The basis for all this are global contacts between people. People are engaged in business and trade, and conduct scientific research. People create the social climate."

"Today much is said about the formulation of three world centers. I believe that the three centers are merely an intermediate step in the process of globalization. It is specifically here that the future of mankind lies. And I see the role of South Korea in opening to the entire world our own unique experience of modernization—the experience of swift socio-economic development of a farming, peasant country which at the same time is entirely devoid of natural resources, a country which has been ravaged by war and which in 3 decades has gotten back up on its feet and gained confidence in its own strength and hope for the future. Perhaps our experience will be of some use to the Soviet perestroika..."

South Korean experience cannot be overlooked on that path along which we are taking our first steps. Especially since this country, although surging ahead, still [is not moving so fast] as to be lost from view entirely. Therefore it may serve as a sort of nearest reference point for us. Even in a less utilitarian, all-human sense, I believe the experience of South Korea is extremely important in solving, for example, the age-old—and most troublesome—problem of harmonious coexistence of traditions and current times. Yet this is another matter.

#### **Successes, Failures of China's 'Open' Economic Policy Analyzed**

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Second Edition p 6

[Article by E. Pleskanovskiy: "Successes and Failures of the 'Open' Policy"]

[Text] Today the PRC's trade-economic relations with its foreign partners are undergoing a test of durability. The three tenets on which the Chinese "open" policy are based are: Comprehensive development of foreign trade, active involvement of foreign investments, and broad application of foreign loans. In the last 10 years this "threesome", despite the inevitable difficulties and problems, has made a rather notable contribution to the economic development of the People's Republic of China. However, last year there were processes taking place in each of these spheres which clearly did not fit into the formula of stable dynamism.

At first glance, things are not going so badly. The country's volume of foreign trade in 1989 comprised \$111.5 billion and increased by 8.5 percent as compared to the 1988 level. At the same time, the indicator for growth in the volume of foreign trade in 1988 comprised 24.3 percent, while the average for the preceding 10

years was 15.8 percent. It is easy to see that the rate of growth in foreign trade has declined, and quite notably at that.

The influx of loan capital into the country significantly decreased in 1989. The sum of actually utilized foreign loans declined by 9 percent, and new credit agreements—by 51 percent.

Having encountered the indicators of a clear "overheating" of the national economy, a little over a year ago the PRC government was forced to opt for a number of measures directed at stabilizing the economic situation. These measures proved to be rather effective. However, along with its plusses, the "cooling" of the economy also had an entire series of minuses, which were immediately felt in the development of foreign economic ties.

Thus, the strict credit policy began to hold back the development of foreign trade. The measures for strengthening state control over export-import operations also acted in this direction. They undoubtedly regulated to a certain degree the activity of numerous foreign trade companies, but at the same time deprived them of the necessary flexibility. The development of an "open" policy is also curtailed by the chronic vice inherent to all countries who practice a strictly centralized model of a planned economy—the infamous deficit. In China it is manifested most painfully in the shortage of raw materials and power resources, and in the acute transport problem.

The tense situation with certain goods on the domestic market has led to the reduction of their export. In 1989 the export of oil, wool and cotton fabrics, nonferrous metals, paper and cardboard, grain and vegetable oil was reduced. At the same time, the purchases of a number of goods on the world market increased.

Under the conditions when the plan principle in the economy is combined with elements of market relations, an inevitable consequence of the shortage is the competition between foreign trade companies. This in turn leads to the growth of prices on goods which go to the foreign market, reduces the effectiveness of export operations, and increases the volume of state subsidized export. According to the data of the Hong Kong journal CHINA ECONOMIC NEWS, in the period from January through October of 1989 the expenditures in yuan necessary to obtain one dollar during export of Chinese goods increased by 41.5 percent in the PRC, and comprised an average of over 5 yuan. At the same time, the official exchange rate did not go below 3.72 yuan for one dollar. As a result, budget subsidy of exports for that period comprised almost 17 billion yuan.

One of the ways out of this situation which has arisen, a way which is widespread in world practice, is the devaluation of the national currency. In December of 1989 the PRC government opted for this step, lowering the official exchange rate of the yuan to 4.72 yuan per dollar. The official exchange rate of the yuan thus came closer to the market rate.

Devaluation of the yuan undoubtedly increases the interest of enterprises in the export of their products. The question, however, is how long its effect will be. After all, the growth of prices continues to increase production outlays, and it is impossible to keep lowering the exchange rate of the national currency forever.

Recently much has been said in the Chinese press regarding the need for improving the quality of export goods, for more broadly introducing international standards, and for strictly fulfilling contract responsibilities. Without these measures it is difficult to expect any serious success on the international market, where stiff competition reigns supreme.

It is no accident that the problems of export development are today at the center of attention of the PRC government and Chinese economic scientists. The fact is that in 1992 China will enter a rather complex period—the period of peak payments of its international financial responsibilities. Yet export, as we know, is the primary source of foreign currency necessary for paying off the foreign debt, which in the last decade has reached rather impressive proportions. Thus, from 1985 through 1988 the country's foreign debt increased from \$15.8 to \$40 billion. According to some evaluations, in the next 5 years the PRC will have to pay up to \$10 billion a year toward its foreign debt.

Up until recently, China enjoyed the reputation of being a first-class borrower and did not have any particular problems in obtaining credit, and on maximally favorable conditions at that. The situation changed sharply in June of last year.

The tragic events in Tiananmen Square evoked a negative reaction on the part of most of the developed capitalist states. The governments of a number of countries announced economic sanctions against the PRC which included, specifically, a "freeze" on the programs of granting government loans on favorable terms and tighter control over the export of engineering and technology. The commercial banks reacted by sharply increasing the percentage rates on the credits issued to China. These steps significantly complicated the problem of paying off the PRC's foreign debt and made the task of overall economy of foreign currency an all-national priority.

In the over 10 years which have elapsed since the adoption of the law on joint enterprises, the People's Republic of China has acquired rich experience in the sphere of attracting foreign entrepreneur capital. This experience deserves most serious study. A rather solid legal foundation has been created for the activity of foreign businessmen. Priority directions in utilizing investments have been found, and specific regions have been delineated with favorable conditions for the operation of foreign companies. On the whole throughout the country by fall of 1989 there were over 20,000 enterprises registered with participation of foreign capital (this figure includes 1,200 enterprises which are purely

foreign). The agreements on their creation provide for an influx of investments in the sum of \$32 million. Of these, \$14 billion have already actually been invested in the country's economy. Over 70 percent of these funds are from businessmen in Hong Kong, Macao, and Taiwan. With their help, 80 percent of all enterprises with participation of foreign capital on PRC territory were founded. The production of such enterprises accounts for around 8 percent of Chinese export.

The activity of joint and purely foreign companies and firms on the territory of any sovereign state presents a rather serious problem which has its economic, political, legal and social aspects. The complexity of the question increases many times over if the enterprises themselves and the country where they are operating belong to different socio-economic systems.

The June political crisis of 1989 had a serious negative effect on the investment climate in the country. Already in the third quarter of last year the number of signed contracts for the creation of joint enterprises declined by 21 percent as compared with the same period in 1988, while the volume of investments provided in these contracts declined by 23 percent. We will stress that we are speaking about a reduction in the influx, and not about the outflow of foreign capital. Foreign companies which have really curtailed their operations in China are singular, while most of them have taken a wait-and-see position.

As for the economic situation in the country, it too has recently been far from optimal for the activity of foreign capital. The reduction in overall public demand was directly reflected in the activity of joint enterprises which sell a significant portion of their production on the Chinese market. For example, at the warehouses of the three largest joint automobile companies in the PRC—"Shanghai-Volkswagen", "Guangzhou-Peugeot" and "Beijing Jeep", by the fall of last year there were over 8,000 passenger autos for which there was no demand. In this situation, the PRC government was forced to opt for an emergency measure and give the consumers, who were primarily state organizations, target credit in the amount of around 1 billion yuan for the purchase of these automobiles.

The list of difficulties in the sphere of the "open" policy may be continued: Due to the decline in the tourist business, hundreds of local enterprises which were directly or indirectly associated with the sphere of services have found themselves in a difficult position—from the five-star hotels built and managed with the participation of the foreign firms to the producers of aluminum cans for soft drinks. Joint companies oriented toward the import of raw materials and complement units intended for further processing and assembly are experiencing serious difficulties. These are the realities, but what are the prospects?

With the end of martial law in Peking, a clear tendency has been noted toward a softening of the positions of the

West in regard to development of economic ties with the PRC. The "open" policy, despite the presence of serious problems, is again gradually entering its normal course.

### 'Stabilizing Effect' of New Sino-Soviet Relations Discussed

90UF02224 Moscow ZA RUBEZHOM in Russian  
No 21, 18-24 May 90 p 1

[Article by Yuriy Tavrovskiy, journalist in international affairs, currently working in the CPSU Central Committee Ideology Department: "The 'Silk Route' to the 21st Century"]

[Text] For almost 2,000 years, from the 2nd Century B.C. to the 16th Century, the huge Eurasian continent was intersected from East to West by the system of caravan routes which historians called the Great Silk Route. Along it there was exchange not only of goods, among which there at first prevailed Chinese silk which was valued equal to gold. There was also an exchange of spiritual values. The idea of resuming the movement of goods and ideas along the "Silk Route" has been in the air for several decades now, but its materialization has been hindered by the tension in relations between China and the Soviet Union. The barrier fell in mid-May of last year, when high-level leaders from the USSR and the PRC met in Peking. Their talks and negotiations signified the normalization of inter-state relations after a 30-year period of alienation.

The pages of history, however, are not turning so easily. The weight of the past is heavy. The ideological and military opposition along the 7,300-kilometer Soviet-Chinese border has cost tens of billions of rubles and yuan. New divisions were formed. Secure regions and reserve railroads were built, "tunnels were dug" and "grain reserves" were created. Traditional mutually beneficial trade ties were broken off. The friendly sentiments of hundreds of thousands of residents of both countries who studied and worked together were driven into the secret depths of their souls.

Yet the time has come, in the words of the wise men of ancient China, "to correct the names", i.e., to cast off the distortions and dogmas which have not withstood the test of time and practical application. The processes of renovation which began in the PRC in 1978 and in the USSR in 1985 have accelerated the review of foreign political strategy and hastened the adoption of decisions which correspond to geopolitical realities, to the new international situation and to the internal development of both powers.

The new political thinking has cast off the suspicions and scornful attitude toward the East in general and toward China in particular, an attitude which was so characteristic for Brezhnev-Gromyko diplomacy. Speaking in Vladivostok (1986) and Krasnoyarsk (1988), M. S. Gorbachev presented a long-term program for "returning" the Soviet Union to the Asian-Pacific Ocean region and named the specific steps which Moscow is ready to take



toward its partners. These steps, especially in the military-political sphere—the reduction of the “head count” of nuclear missiles, the withdrawal of troops from the adjoining countries which has already begun and the general reduction in the level of military activity, the readiness to exhibit new approaches toward the border problem—were met without any particular enthusiasm in certain influential circles within the Soviet Union. Yet without a real confirmation of the sincerity of Moscow’s proposals, it would probably be difficult to quell the uneasiness in the corresponding Peking circles. The national interests of both countries have dictated the need for immediate normalization of relations. This fact was well understood by the architects of and primary participants in the Peking “Summit”—M. S. Gorbachev and Deng Xiaoping, who did everything possible to ensure the success of the talks in the extremely difficult situation in the Spring of 1989.

Those who had the good fortune of being in the Chinese capital at that time will always remember the days and nights filled with events. For the first time in many years, the Soviet and Chinese flags flew side by side in Tiananmen Square, filled with a million students, workers, writers, peasants, and doctors... The two processes of a historical scope coincided and became superimposed on one another. Their consequences will probably become completely clear only years later. Yet as concerns the normalization of Soviet-Chinese relations, its first beneficial fruit are evident already today. Stability in relations between Moscow and Peking has become a valuable contribution to the global political balance.

Yet during this time there have been many changes in [this global political balance] (it is enough to mention the changes in Eastern Europe and the process of unification of Germany). The fears regarding the resurrection of the ideological and military union of the USSR and PRC have not been confirmed—neither side has shown a desire to return to relations such as those of the 50s. The results of the May 1989 meeting have had a favorable effect on the regulation of regional conflicts.

The normalization of Soviet-Chinese relations has also had a stabilizing effect on the domestic political situation in the two neighboring countries, which since that time have experienced an unprecedented round of “jolts” and “earthquakes”. Calm along the world’s longest border has also made it possible to react more calmly to these domestic cataclysms. Also, the significantly expanded business exchanges (the volume of bilateral trade in 1989 reached 2.4 billion rubles as compared with 1.85 billion the previous year) have to a certain measure helped to alleviate the economic difficulties. The overall package of economic and trade agreements achieved in the course of State Council Premier Li Peng’s April visit to the USSR will make it possible to even more greatly increase the effectiveness of bilateral cooperation and to expand its framework.

The renewed contacts between the ruling communist parties, as well as the military departments of the two countries, are important for the future of Soviet-Chinese relations. It is no secret that specifically these spheres have played a direct and important role in the emergence and development of the “cold war” processes between the USSR and the PRC in the 60s-70s and in the first half of the 80s. Even a year ago, official contacts between party workers and military men were “taboo”. Today, however, the exchange of delegations is becoming the norm. Everyday business contacts provide the predictability of reactions by the other party and the trust which is so important in the process of working out political decisions.

The obstacles to normalization which quite recently seemed to be so insurmountable have faded into the past with unexpected rapidity. These were the “three obstacles” about which the Chinese spoke, our taking offense at their use of the terms “hegemonism” and “super power”. We have been able to cast off the pedantic in our analysis of the events going on in the other country, and only rarely do articles with complaints about moralizing, which can hardly be considered the fruit of thoughtful and qualified analysis, flow from the pens of individual authors. These people are forgetting the lessons of the unpleasant past Soviet-Chinese relations, which were ruined in large part specifically by inadmissible efforts to lecture one another. On the whole, however, the citizens of both countries receive rather objective information about what is going on across the border.

Nevertheless, in spite of the realistic view toward the road which lies ahead, we cannot help but expect the emergence of some new difficulties. Specifically speaking, they are already emerging. The lack of correspondence in phases of domestic political processes has become quite clearly delineated. The changes in the countries of Eastern Europe and the essence of the perestroika going on the USSR are being interpreted differently. Under conditions of pluralism of opinion, different circles of Soviet society have different attitudes toward last year’s events in China. This was evidenced, specifically, by the May hunger strike staged by several student groups. The differences in state and party structures are increasing. After all, it was their similarity which was a factor of mutual attraction. The geopolitical interests of Moscow and Peking in a number of world regions have also remained different. The forthcoming transition in bilateral trade to accounting in hard currency will give rise to numerous problems.

In short, difficulties may arise. Yet the most important thing is that both the Soviet Union and China are taking a sober and responsible approach to such difficulties and problems and are fully resolved not to let them cut off or distort the main process of stabilization and development of relations between the two countries and peoples. The strength reserve placed a year ago in the new system of Soviet-Chinese relations is strong. The generally accepted principles of peaceful coexistence which were



approved by both sides and the conception of de-ideologization of inter-state relations are making it possible to note and eliminate in time the obstacles along the "silk route" of relations between the USSR and the PRC, which is so important for all the Eurasian peoples.

### **Interest In More Chinese-Soviet Educational Exchanges Shown**

90UF02294 Moscow UCHITELSKAYA GAZETA  
in Russian No 23, Jun 90 p 6

[Interview with V. Zubarev, USSR State Committee on Education deputy chairman, conducted by TASS correspondent: "Across the Language Barrier"]

**[Text] Soviet-Chinese talks were recently held in Moscow, in the course of which mutual interest was expressed in increasing the number of specialists, trainees and students sent for various lengths of stay to the PRC and the USSR.**

[Zubarev] "This has been taken into consideration in the plan for cooperation between the two countries in the sphere of education for 1991-1995," said USSR Gosobrazovaniye [State Committee on Education] Deputy Chairman V. ZUBAREV in a conversation with a TASS correspondent. "China, for example, will send up to 500 persons each year to our VUZes and scientific institutions for study, in-service training and research work. This is 100 persons more than last year."

[Correspondent] Who are they—these in-service trainees?

[Zubarev] They may be young and capable specialists who have just completed the VUZ, or candidates and doctors of sciences. Some are being sent to improve their level of training, others—to continue the pursuit of their scientific activities in better equipped laboratories where they may achieve important results. The Chinese side particularly values such a form of cooperation. In turn, we will send 300 persons a year [to China] with the same purpose.

[Correspondents] What fields of study will our students be taught in China?

[Zubarev] A broad variety. However, we are primarily interested in training specialists in the field of Chinese language, culture, history and literature of China. Provision has been made also for cooperation in the training of highly qualified translators.

[Correspondent] What instructional difficulties await the students?

[Zubarev] The main one is that of language. A student who comes to the USSR or China spends a year or year-and-a-half mastering the language. Measures are being taken for the young people to become more quickly involved in professional instruction. For example, at the request of our Chinese colleagues we will send Russian language instructors to the preparatory department of

the Peking Language Institute and the Peking and Shanghai Foreign Language Institutes to teach Russian to Chinese citizens who will be going to study in the USSR. Moreover, the Soviet side will aid in the organization of accelerated Russian language courses for instructors in Chinese secondary schools.

[Correspondent] Radical reform of the system of elementary and secondary special education is currently taking place in the USSR and in China. Its structure, content, and methods of instruction are changing. What does the plan for cooperation provide for in this field?

[Zubarev] Both sides will help each other improve the quality of education by exchanging experience and studying the measures associated with reform. As for vocational-technical instruction, here is what we have agreed to. At the request of the Chinese side, each year we will accept up to 10 persons to the All-Union Institute for Advanced Training of Management Workers and Specialists in Vocational-Technical Education for a term of up to 3 months. We plan to step up the cooperation of tekhnikum and vocational-technical schools, which are concluding agreements regarding direct ties. We will begin establishing contacts also between other educational institutions of such description.

[Correspondent] Are direct ties developing between the institutes and universities of the USSR and the PRC?

[Zubarev] Of course. More and more VUZes are being included in this promising sphere of cooperation. Among them are VUZes in Moscow, Leningrad, Vladivostok, Irkutsk, Alma-Ata and other cities. There is a lively exchange of experience going on in the reorganization of instructional-methodological and educational work, as well as an exchange of educational plans and programs. The scope of joint research in the fields of mathematics, physics and medicine is expanding. Particular importance is being ascribed to cooperation in those fields of science and technology which are the basis of revolutionary shifts in current technologies. We are speaking here of lasers, biotechnology, electronics technology, and informatics. Many joint projects are aimed at accelerating scientific-technical progress in agriculture, metallurgy, and mining in both countries.

[Correspondent] Today our people are focusing particular attention on the financial aspect of cooperation. After all, for many years we have helped other countries improve their economies, even though in "our own house" the living standard of the people was not high.

[Zubarev] The cooperation between the USSR and China is based on the principle of fairness. The accepting side excuses the trainees, graduate students and students from paying for their education and from expenditures associated with educational practical and scientific-research work, and also assumes their living and health expenses. So even from a financial point of view, Soviet-Chinese cooperation in the field of education is mutually beneficial.

### **Yemen Reunification Yields Plans For Rapid Economic Development**

90UF02491 Moscow KRASNAYA ZVEZDA in Russian  
12 Jun 90 First Edition p 3

[Article by Yu. Romanchenko: "We Answer A Reader's Question: Yemeni Unity—Hopes and Prospects"]

[Text] Another state recently appeared on the world political map—the Yemen Republic. Could you tell about this event? What led to the unification of North Yemen and South Yemen, and how is this process proceeding?—Yu. Fetisov, Moscow Oblast.

Even against the backdrop of the rapid changes in the East European countries and the integration of the two German states, the unification of the People's Democratic Republic of Yemen and the Yemen Arab Republic is proceeding at a rapid pace. In just the few months that have passed since the signing by the two countries of the Aden agreement in late November of last year, a significant part of the necessary measures for this have already been implemented. New government bodies have been formed, and the foundation for economic interaction has been laid. The currencies of the PDRY and the YAR can now circulate throughout the territory on an equal basis.

This process culminated in the conclusion on May 22 of an agreement on proclaiming a new state—the Yemen Republic, the formation of supreme government bodies, and the confirmation of a draft Constitution. A transition period of two and a half years was established. During this period, the PDRY and the YAR will completely merge into a single state entity. A. A. Salih, the former President of the YAR, has been elected President of the united state. H. A. B. al-Attas has become Prime Minister, and A. S. al-Beyd, the former General Secretary of the Yemen Socialist Party Central Committee, has become Vice-President. On May 25, a presidential council confirmed the makeup of the government. It consists of 39 people, including 17 South Yemeni and 22 North Yemeni politicians. Colonel H. K. Tager, the former Chief of the General Staff of the PDRY Armed Forces, has been appointed Defense Minister. The new Chief of the General Staff is Colonel A. H. al-Bashiri, who held that post in the YAR.

In the view of the well-known Yemeni public affairs commentator Muhammad Ali ash-Shagari, such intensive unification stems from the fact that at no time since southern Yemen's detachment as a result of its colonization by Great Britain in 1839 has the situation been so favorable.

The creation of a united state is viewed by many political figures in northern and southern Yemen as the necessary foundation for the modern, civil society that is to be built. Unification is also called upon to promote the accelerated economic development of the two parts of Yemen. The accomplishment of this task will entail the joint extraction of petroleum and its subsequent refining at the Aden petroleum refinery. To do this, the country

will rely on the support of friendly Arab countries, regional organizations, and its own capabilities, in particular the high rates of development of the North Yemeni economy. Yemenis are pinning great hopes for accelerated economic development on plans to restore Aden's role as a trading center in the southern part of the Arabian peninsula and to create a free economic zone, as well as on expanded private entrepreneurial activity in the southern part of the country.

The efforts of the PDRY and the YAR leaderships to create a united state have the support of the majority of the two countries' populations. At the same time, there are opponents of unification both domestically and abroad. Chief among them are representatives of the tribal aristocracy, who fear a decline in their influence, as well as fundamentalist religious currents that are supported by certain neighboring states. The character of debate in the the South Yemeni press shows that certain segments of society that do not doubt the need for unification in principle are having questions as to whether it will be possible, under the new conditions, to preserve women's rights, to guarantee social safeguards for the least well-off segments of the population, to prevent the growth of religious extremism, and so forth. There are fears that the larger population and more influential role of tribes in the life of North Yemen vis-a-vis South Yemen could lead to the elimination of the few albeit quite real achievements that have been brought about in the PDRY.

The leaders of the Yemen Republic have declared that economic development will be a priority for the new state. At a press conference in Baghdad, YR President A. A. Salih announced a decision to freeze contracts for arms purchases. "We do not intend to become an arsenal. The two Yemens have spent millions of dollars to arm against each other," he stressed.

A search is under way in the southern part of the Arabian peninsula for its own path to progress and prosperity. The Yemeni people are embarking on a new stage in their history, a stage on which they are pinning hopes for a better future. We will wish them success in accomplishing their constructive tasks.

### **Soviet Aid to Syria, Syria's Debts Discussed**

#### **Economic Envoy on Repayment**

90UF02571 Moscow IZVESTIYA in Russian 16 Jun 90  
Morning Edition p 7

[Article under the rubric "The World and Us": "What Is Behind the Number 6.7 Billion: A USSR Embassy Associate Tells How Syria's Debt to the Soviet Union Was Formed"]

[Text] "A unique document"—that is the title of the article in IZVESTIYA (No 61). It made public information on the amount of debts of foreign states to the Soviet

Union, which until recently was kept secret. Syria figured as No 38 among the other developing countries in the long list of debtors.

The Soviet Union has for many years been giving and continues to give this Arab state economic and military aid. And now we know that as of 1 November 1989, Syria owes us more than 6.7 billion rubles. What is behind that figure? Our correspondent asked A. Skripkin, economic advisor-envoy in the USSR Embassy in the Syrian Arab Republic [SAR] and an experienced specialist who has been working in Syria for a number of years, for clarification.

[Skripkin] Actually, in general terms the answer to the question you posed is contained in the IZVESTIYA editorial which accompanies the list of debtor countries. As it correctly mentions, military deliveries that have not been paid for have accumulated in the debt of Syria and certain other states. In fact, they make up the lion's share of the Syrian debt. But it was formed as a result of granting the Syrians long-term credits with repayment over 8, 9, 10, and sometimes even more years. In accordance with intergovernmental agreements concluded in advance, these credits need not be paid off until the year 2000 or even later. As for the figure on deferred payments (992.7 million rubles) cited in the table, the Syrians are to pay them off only in the next century. So we cannot expect Syria to pay off its entire debt in the near future.

Yes, military cooperation in this Arab country is an expenditure. Nonetheless, the Soviet Union has given and continues to give Syria the necessary aid in the cause of insuring its defensive capability. The Treaty on Friendship and Cooperation Between the USSR and the SAR signed in October 1980 binds us to that.

As for the Syrians, large military expenditures are a difficult burden for them. However, they must spend a substantial part of the state budget to maintain the high combat readiness of their armed forces. The reason is clear. It is the continuing threat of aggression on the part of Israel, whose present leadership stubbornly refuses to consider the interests of their Arab neighbors and, contrary to common sense, is demonstrably increasing its military potential. In response, Syria is strengthening its own defense capability and is undertaking new, additional expenditures, even though that is not easy for it, in view of its economic difficulties.

[Kozhevnikov] No matter how the nature of the military standoff between the Arab countries and Israel is interpreted, a debt is a debt, and the sum of it is impressive. Is there hope that it will be paid off, not today but in the foreseeable future? What specifically is being done to resolve this complicated problem?

[Skripkin] We understand the importance of retrieving this sum of many billions of rubles for the Soviet people. It must be said that the Syrians do recognize the need for timely repayment of debts. In our opinion, the perestroika of bilateral economic and trade ties which has

begun and the transition to new forms of cooperation are expected to play a decisive role in this matter. I am certain that we must help the Syrians develop their national industry and agriculture. Ultimately that coincides with our interests as well. I think it is clear that how promptly Syria repays its debts depends in many respects on the condition of its economy.

[Kozhevnikov] So, you're talking about giving aid again. And that certainly means new additional expenditures on our part. The question cannot help but arise: do we need to spend money to strengthen the economy of a state, even granting that it is friendly to us, when our own is in such sorry condition?

[Skripkin] I understand those doubts. But, I repeat, a situation has now developed where we should think about how to help the Syrians overcome economic difficulties and thereby help them settle accounts with us. Now I would like to talk about the additional expenditures which you mentioned. They are not so very great. Thus, for example, last year, in 1989, we gave Syria 65 million rubles worth of economic and technical aid. That is a relatively low figure. In addition, unlike other developing countries where credit aid accounts for the predominant amount of economic cooperation, in Syria the proportion of that aid is not large. Last year, for example, less than 30 percent of our expenditures for economic aid to the Syrians was paid for through credits granted earlier. The other 70 percent was paid for on business conditions and in cash. That is in the first place.

Secondly, our expenditures for technical aid are more than compensated for by deliveries to the USSR of Syrian goods. As far as I know, Syria is close to second among the developing countries, after India, in terms of volume of exports to our country, of consumer goods in particular. The following figures speak of how we trade with the Syrians. In 1989 we sent 50 million rubles worth of assembly equipment for installations of economic cooperation, while the volume of Syrian exports to the Soviet Union exceeded 605 million rubles. And 90 percent of that was consumer goods: fabric, knitted goods, garments, notions and perfume, household chemicals and medicines, and foodstuffs.

Naturally, the faster and better we build objects, the more opportunities Syria has to pay for equipment delivered and services of Soviet specialists and to pay off the credit debt. For example, it is clear that without providing the country with the proper amount of electricity it would be difficult to expect a substantial increase in the production of Syrian goods for the Soviet market. We are taking this into account. Thus, Soviet and Syrian organizations are now taking vigorous measures to accelerate the construction of a second large GES [hydroelectric power plant] on the Euphrates with a capacity of 630,000 kilowatt hours, and the largest thermal power plant in the country, Tishrin, with a capacity of 400,000 kilowatt hours, near Damascus. We

hope that prompt commissioning of these important facilities will be of great benefit not only to the Syrians but to us too.

[Kozhevnikov] In our country the process of perestroika of the economy is underway. How does it influence the development of our economic ties with Syria?

[Skripkin] I must confess that perestroika has made it harder for us. Here is a concrete example. In some cases our enterprises have now been given the right to decide themselves to whom to deliver their output. So, in Syria no one tries to sell modern equipment, since the Syrians do not pay in hard currency but in goods, by clearing. However, we have found a solution, and it was perestroika that suggested it to us. According to the present resolution of the USSR Council of Ministers, enterprises which supply machines and equipment to countries with clearing systems of payment may receive 25 percent of the income from exports in the form of certain goods. Syria, for example, produces a considerable amount of fabric and knitted goods—both fashionable and of fairly good quality. So taking that into account, two of our largest plants, KrAZ [Kremenchug Automobile Plant] and KamAZ [Kama Truck Plant], concluded contracts with the Syrians to supply them with their output, and they will receive Syrian consumer goods in partial payment. With the acute shortage of consumer goods on our domestic market, this form of cooperation has a right to exist, it seems to me.

An unprecedented form of cooperation, "import of services" from Syria is also being implemented. I mean work already begun by Syrian organizations to build various projects on USSR territory—hotels, sports facilities, and factories for producing consumer goods. Such contracts worth 35 million rubles have been signed, and half of the cost of the construction work will be paid by the Syrians, which will be taken off their debt. And that, I hope, is only the beginning.

In short, the process of adaptation to the new conditions is our common process. It should not divide but rather unite the efforts of the two parties and inspire them to joint creative pursuit.

#### **Military Aid Questioned**

90UF0257B Moscow IZVESTIYA in Russian 16 Jun 90 Morning Edition p 7

[Editorial comment]

[Text] The publication by IZVESTIYA of data on the foreign debt of states to the Soviet Union aroused great interest among readers, and we are grateful to comrade A. Skripkin for his explanations regarding the debt of the country in which he works—Syria.

However, the interview leaves unclear the question of how the present military aid to Syria is linked to our state's long-term interests. And the time has long since arrived to think about that.

It is possible that back about 5 years ago, when the Near East was a field of standoff with the West for us, it did make sense, according to the logic of confrontation, to arm Syria to spite the American ally, Israel. But now, when we no longer consider the "third world" an arena of the "cold war," why should we continue to spend a considerable amount of money on military supplies to a Near East country and then ourselves seek cunning ways to allow this country to pay for them even partially? The esteemed advisor-envoy, it is true, refers to the 1980 treaty, but we studied this document carefully and did not find any article in it which would oblige the USSR to help Syria strengthen its defense capability.

We want to be understood correctly. We are by no means favoring stopping military cooperation with friendly Syria. On the contrary, the USSR should remain an ally of its allies. But relations with friendly regimes must be built on a rational basis which coincides with the principles of a law-governed state. In democratic societies, decisions on large deliveries of weapons abroad are discussed in parliaments. Is it not time for us to follow this example too?

#### **Peaceful Resolution to India-Pakistan Kashmir Conflict Urged**

90UF0216A Moscow KRASNAYA ZVEZDA in Russian 2 Jun 90 First Edition p 5

[Article by V. Vinogradov, international reviewer for KRASNAYA ZVEZDA: "Kashmir Detonator"]

[Text] Take a look at a political map of Asia. In the northern part of the Hindustani subcontinent, almost touching the USSR border, lies the Indian state of Jammu and Kashmir. On the map it is the same color as all of India, which seemingly attests to the fact that it belongs to this country completely and indivisibly. But if you look closely, it is not difficult to see that the state is divided by a hyphenated line as if it is being separated in half. So this innocent line on the map—a monitoring line, is actually almost a front line.

Since the northern part of Jammu and Kashmir has been occupied by Pakistan for over 40 years, tensions are the rule along the entire extent of the line. There was a time when the state of Jammu and Kashmir was called nothing other than an "Indian jewel." A moderate and uniform climate and the unusual beauty of the area attracted many tourists. But for a long time now the Kashmir valley, which brought deserved fame to this region, has been called the "valley of fear, violence and terror."

Today almost all of this territory is in a state of seige. The state's Moslem population is demanding separation from India. In order to achieve this goal, numerous extremist groups have mounted a campaign of terror against those inhabitants of the state who are Hindus. The authorities are forced to wage a genuine war against separatist elements that emerge with weapons in hand. Shots and explosions thunder almost everywhere in the



Kashmir valley. Often peaceful people become the victims of terrorist actions as well as of the repressive measures of security forces.

I think that the problems that exist here can still be solved. But internal tensions in the state are being encouraged by, in addition to everything else, outside interference from Pakistan. Pakistanis are actively supporting their own "Kashmir brothers," as they say in Islamabad.

During the last 40 years the Kashmir detonator has operated several times, bringing about embittered Indo-Pakistani armed conflict. This happened in 1965. At that time, thanks largely to the Soviet Union, the parties nevertheless signed the Tashkent Declaration, opening up possibilities for normalizing the situation on the subcontinent. However, after a period of calm relations between Pakistan and India again became extremely strained, and in 1971 large-scale military action began again between the two sides.

With the signing of the agreement in the Indian city of Simla and with the new demarcation line of control in 1972 it seemed that the ordeal of Kashmir's population had come to an end. Both Delhi and Islamabad appeared to be convinced of the futility of attempts to destroy the Kashmir network by force and decided not to tempt fate in the future. Alas, again this was not for long.

The activities of separatists holding extremist positions again provoked tensions between the two sides. India is not sparing in blaming Pakistan, bringing up evidence of Pakistan's increasing aid to extremist groups. On Pakistan's territory and also in the occupied part of Jammu and Kashmir, the Indian press reports, there are 40-45 training camps and bases where Kashmir terrorists are being prepared and trained. Moreover, the newspaper NATIONAL HERALD writes that recently Pakistani authorities have begun sending to Kashmir separatists the weapons arriving from the U.S. and earmarked for Afghan moujahedeen. Now they are already prepared to use the moujahedeen themselves in subversive activities in Jammu and Kashmir.

I think that these considerations are close to the truth. In any case, Pakistan is continuing a dangerous concentration of its troops in regions that neighbor India. As the TRIBUNE reports, the size of this group already comprises no less than 100,000 persons. A large number of tanks and artillery have also been moved there. At the same time the newspaper notes a significantly increased military power in Pakistan's armed forces since the last armed conflict between the two neighbors. Since that time its ground forces have doubled, its sea forces have tripled and its air forces have increased by a factor of 2.5. Moreover, during the last 10 years there has been a qualitative reequipping of Pakistani armed forces by means of the procurement abroad, primarily from the U.S., of the latest types of equipment.

Naturally, during these years India too has spent enormous resources to strengthen its army because of the growing threat against it.

It is obvious that the situation is tragic for the two neighboring countries. Both of them, born on the ruins of colonial British India only one day apart and not among the highly developed, were pulled into a risky and costly arms race. At a time when they do not have enough money for education, medical services, the procurement of food products and even for supplying the population with potable water, Pakistan and India squander hundreds of billions of rupees to enlarge their armies and to equip them with modern military technology.

What did this hope in the strength of weapons result in? It resulted in only one thing—in an unheard-of exacerbation of relations between the two countries. India and Pakistan have already fought with each other three times, bearing considerable losses each time. "A new war," warns the newspaper TIMES OF INDIA, "will not result in a solution to the Indo-Pakistani conflict." Nevertheless, Pakistan has announced that it is acquiring another 50 military planes from Australia for its air forces. Premier Minister V. P. Singh announced in parliament that by the end of this year India will allocate additional resources for the military.

Things have not gone as far as artillery fire on the control line. But the war—a war of nerves—is continuing. And here London's SUNDAY TIMES added fuel to the fire. Pointing to sources in American intelligence and the Pentagon, it reported that an American satellite had recorded the departure from a Pakistani supersecret nuclear complex in Kakhute of a carefully guarded automobile column in the direction of a military air base. Experts do not rule out the possibility of the transport of nuclear weapons. According to their assurances, the pictures allegedly even reveal the equipment for attaching atom bombs to F-16 fighter bombers, which as we know the Pakistani air force is equipped with. All of this is printed on a background of already acutely exacerbated relations between India and Pakistan!

World society is extremely worried about the uncertainty in the development of events on the Hindustani subcontinent. It is no accident that on the very eve of his important trip across the ocean USSR President M. S. Gorbachev found time for a long discussion by telephone with India's Prime Minister V. P. Singh. At the same time reviewers and observers are carefully watching for any news from Delhi or Islamabad attesting to the fact that the dangerous boundary of possible warfare will not be overstepped. A certain amount of hope in this area is the result of reports that India has turned to Indonesia with a request to help stop Pakistan's support of subversive activities in the state of Jammu and Kashmir, which would open the door for discussions between Delhi and Islamabad. In turn Prime Minister B. Bhutto announced

that Pakistan is working toward decreasing tensions with India and is trying to avoid armed conflict. Islamabad, she assured us, supports political dialogue with Delhi.

We very much hope that this sober approach becomes predominant in relations between the two countries. New political ideas in today's world presuppose stepping away from military confrontation and tensions for the good of peaceful coexistence, peace and stability. All

conflicts must be solved by means of discussion and dialogue. For India and Pakistan this may not be as unattainable as it appears, because the well-known Simla Agreement does exist, and within its framework both countries can work out their differences.

This time the Kashmir detonator does not have to operate.

### Costs to USSR of Angola Involvement Examined

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[Article by Vladislav Yanelis under the rubric "The World Around Us": "The Angolan Knot: The Balance in Our Budget's African Item"]

[Text] For 15 years, Soviet freighters have been carrying arms and ammunition to Angola on special, free-of-charge voyages.

For 15 years, airplanes have been taking off from Soviet Union military airfields with military equipment, and maintaining a course to the same place, to Angola.

For 15 years, this African republic has been rocked by a war, which had a beginning, but will never have a victorious end because the people are waging war against themselves. The prosperous are waging war on the wealthy, and the poor are waging war on the poor.

What is this war in another hemisphere to us? Why have we been paying for it uncomplainingly? Why have we been putting our officers under the opposing sides' fire? Are we sure, having sided with (Agostinho Neto), that we are aiding a just cause? Are we certain that all who are destroyed by Soviet "Grad" missile launchers in Angola's Cuando Cubango Province, little known to us, are bad people, and that the Angolans will be happy only after annihilating them?

I am not defending the rebels, the UNITA bandits as the official Angolan press calls them. I know little about them. However, I have seen with my own eyes the luxurious villas, once belonging to Portuguese aristocrats or recently built, in which the present regime's provincial leadership lives, and, not far from these, the poor people's wretched hovels.

I have seen the American and Japanese automobiles of the latest models, in which provincial military commissars ride around, and the rickety, always hungry children on the sides of those roads. The children on the roadside never reach out for a handout. They are too proud, and, for that reason, they are doubly pitiful to me.

All right, let us assume that the Angolans will resolve their social inequities. But what is to be done about our problems?

The Soviet Military Mission in Angola has always been a token one—several hundred officers (In former times the number even exceeded 1,000). The officers are military advisers and military specialists. As a rule, they are highly skilled, which, by the way, is not reflected at all in their pay rates in currency. Western military specialists of similar rank receive many times as much when they work for hire in another country.

Apparently our specialists are satisfied with this, rightly assuming that 700 dollars a month in Angola is better than 400 rubles in Kostroma. Moreover, they earn their

salaries conscientiously, exhibiting real courage and fortitude at times. The risk of finding themselves under artillery fire in the immediate proximity of the front line does not frighten them. They are prepared to go without water for up to three days, sleep in a dugout, be captive witnesses to the disgusting orgies of corpse-eating ants on the remains of a fallen Angolan soldier, and suffer from malaria and yellow fever.

Our officers are, I repeat, courageous and long-suffering. However, it must not be thought that they go to certain hardship on the African foreign tour solely for the sake of the internationalist concept. I do not dare fault them for lacking romantic ardor when they go to a foreign country for hire.

They have been doing everything that they should to help the one side defeat the other. Our advisers have conscientiously taught their Angolan colleagues to plan military operations, use modern intelligence and communication means, organize a defense, deliver preemptive strikes, mine roads, organize the training of reserves, and even maintain records. For more than 10 years, they were the shadows of Angolan brigade commanders, jointly participating in the control of brigade elements in battle.

At the same time, our military specialists have helped the Angolans master the operation of Soviet surface-to-air missile systems, aircraft and tanks, and armored personnel carriers and howitzers. A former battalion commander from somewhere around Grodno did not consider it degrading to himself to repair an armored personnel carrier's [BTR's] engine and change its axle grease with his own hands, although he would hardly have engaged in such work at home.

And everything has been for the purpose of helping the FAPLA be victorious. However, victory has nevertheless slipped away. Military success in the South, at the cost of enormous losses, has had the effect of UNITA personnel's activation in the North, and the annihilation of Savimbi-supporter detachments in a far eastern province has brought about diversionary actions of these in the capital's vicinity.

We have been assisting the government regime, and UNITA has been enjoying the West's support.

The republic survived a most dangerous period during the times of Republic of South Africa troop incursions. Had it not been for the Cuban battalions and our military assistance, Luanda could not have held out.

However, the Republic of South Africa's troops have gone, and still there is no victory, although, according to all Angolan General Staff estimates, victory should have occurred long ago. Our people are by no means so optimistically inclined.

I remember some meetings in Angola.

At (Menonga): Its glossy black upper surface having stood out vividly, a snake slithered out of a bundle of

burned wires and quickly hid somewhere beneath wing fragments of the "Hercules." Soviet Lieutenant Colonel Fomichev, a specialist assigned to the chief engineer of an Angolan surface-to-air missile brigade, asks that I not move off to the side: "Mines have been planted all around, and a lot of all sorts of debris is also embedded in the ground." We are standing beside an aircraft, shot down by UNITA personnel, which still reeks of burning and death.

"When will all of this end?" I ask Fomichev.

He has a yellow face from suffering with malaria and sad, light blue eyes. He remains silent, turns away, and says through clenched teeth:

"Your airplane will be leaving soon. Don't be late."

At (Lubango), our military mission: There is an armored personnel carrier near the gate. It is a physically tiny compound, and there is a tiny vegetable garden behind it. The senior officer at the mission, Colonel Novitskiy (He is adviser to the second commander of the Southern Front) is raising cabbage in the vegetable garden out of nostalgia for the homeland. And just imagine, it is growing. I coaxed these comments out of Novitskiy.

"In reducing our presence here, we took our advisers out of the brigades. Everything went to pot, and good order ceased to exist. There is no army as such. Combat security is neglected. The attitude toward equipment servicing is careless. They forget to put oil in the engines.... There is no repair base either."

I interrupt: "And they want to wage war?"

"Come now, who really wants to wage war?"

"Repercussions of our new political thinking reached Luanda a year ago. Our military people were told: 'It is over. You are to take no leading role. You are to assist only in building the national armed forces and training military cadre. The war is the affair of the Angolans themselves.' However, it is fine to make recommendations from Moscow, but try to follow them on the spot.

"Our advisers participated in preparing the December offensive operation 'Zebra.' They were not in the front line, but the offensive's lines of control came together at front headquarters in (Cuito-Cuanavali)—and dozens of Soviet officers worked on the maps and documents there. Lieutenant General Valeriy Belyayev, a very fine specialist, directed them. Colonel Aleksandr Moroz, also an expert in his field, worked out the food supply system for the front's troops.

"He told me how he prepared the departure schedules and routes for the truck columns with the food, and how he set up bases in (Menonga) and (Cuito Cuanavali). The food products were gathered by the Angolans from all over the world: kidney beans from the USA, rice from India, canned goods from Holland, and meat from Italy and France. War is a very expensive affair. All of the food products were carried through the savanna on

Soviet 'Kraz' and 'Ural' trucks [trucks made by the Kremenchug and Ural Motor Vehicle Plants], and these proved themselves handsomely in comparison with Western trucks, the axles of which broke from overloads.

"How is the work of our military advisers to be evaluated under these circumstances? And what are they to do in general if they are asked at Angolan General Staff Headquarters to help prepare an operation? Refuse? Try to talk their Angolan comrades out of attacking? But then our military advisers are military people too, and they should be receiving their salaries for that which they are obliged to do as professionals.

"By the way, Angola does not pay our advisers any money. Therefore, whether we keep them in Angola or not depends upon our government. It is the Soviet military specialists whom Angola supports, and the currency pay for the advisers is allocated out of their salaries (in currency).

"Can we just drop everything and leave this country, which, nine times already, has requested that payment of its debts to the USSR be postponed?

"We offered our assistance to the Angolan Government 15 years ago. The USSR leadership at that time thought it would put the African country on the socialist path with airplanes and tanks sent to Angola at a token price, and that without payment. Why the socialist path for Angola, which, before this, not only had been feeding itself, but even selling food products to Europe, is no longer important.

"We see what resulted from it. Angola knows no peace. The economic relations between provinces have been broken off. There is starvation in many cities and villages. Hundreds of thousands of people have perished and been maimed on the fronts. Production of the traditional export product—coffee—has fallen to a tenth of what it was before. The country has been ruined by the war, and more and more of its people favor the idea of national reconciliation and a treaty with the UNITA people and their leader, Savimbi.

"And what about us? What have we gained in supporting the MPLA for 15 years, taking considerable economic losses, and sacrificing the health and, at times, even the lives of Soviet people? Those kremlin occupants, to whom there once came the desire to play the Angolan card, have long been resting beside its walls. But others must assess the results. The hangover is at somebody else's party....

"During the 15 years, we created an African version of the Soviet Army in Angola, quite a serious force, but rather unwieldy and, most importantly, incapable of getting along without our intellectual and material sponsorship. We accustomed the Angolan military to Soviet arsenals' being always accessible to them, and to our arms and equipment's being provided, either absolutely free of charge, or at a favorable price with indefinite postponement of payment.



"By my estimates, we have supplied about 600 tanks, 60 fighter aircraft, 30 short-range and long-range surface-to-air missile systems, 1,000 artillery pieces and systems, 800 mortars, several dozen combat helicopters, 200 armored personnel carriers, a vast number of trucks, hundreds of thousands of small-arms pieces, dozens of field bakeries, hundreds of radio stations, and a great deal of other military property to Angola just during the recent years. A substantial part of the equipment was an outright gift, and the rest was at a discount; that is, at one-half, or even one-third, of the world market price.

"Of the airplanes and helicopters supplied by the USSR, half became inoperable, not under combat conditions, but because of flight-crew carelessness and poor maintenance, and about 30 percent of the tanks and 50 percent of the armored personnel carriers were lost for the same reasons, and so forth. And this was with our military servicing and maintenance specialists working in Angola. What will happen if we reduce their number? What will an enormous quantity of military equipment, especially the complex equipment—surface-to-air missile systems [ZRK's], airplanes, communication centers, air defense [PVO] systems—be turned into in a year or two? Into a pile of useless metal? Understand what I am saying—We have become hostages to our own sponsorship policy in Angola.

"I have seen a gigantic graveyard of Soviet trucks almost at the center of Luanda. There was nobody to repair them, and hundreds of vehicles that could still have served and served had been condemned to death and pilfering. All Soviets who see this pantheon of mismanagement for the first time get a lump in the throat—so much property wasted! But what can the small group of Soviet engineers do? God grant that they manage current repair.

"During the last year or two, our policy in Angola has become more realistic. In negotiations with the Angolans, we do not conceal our difficulties, and we let them know that we make tanks and armored personnel carriers out of metal which is in acute short supply in our own economy, so it would be well to set our further mutual accounts in order. Their answer to us: We have followed you and put our hopes only in you for 15 years, and you must not suddenly shut off the military assistance channels like this, it is not brotherly. We gently hint: It is time to end the war and seek peaceful means for normalizing the situation. To us: Yes, of course, in principle that is necessary, but the UNITA will deceive us again and break the truce, although it is even weaker in military respects now....

"There are a lot of different nuances here. It must be understood, for example, that a special caste of people, for which the war is a means of self-assertion and prosperity, has arisen in Angola during the 15 years. Thievery at military depots is as natural a phenomenon as the seasonal rains.... Samples of everything the army receives by way of foodstuffs and accoutrements may be found on the local markets. It is pointless to struggle against this. Food

products have been stolen even on the way from depots to the front and, almost certainly, under fire.

"However, I ask again: What do our people, who have deprived themselves of bare necessities for many years, get for supporting the African National Liberation Movement, as it is sometimes customary to call the simple change of political appearances? What besides a feeling of moral satisfaction from international assistance, the scope and objectives of which we did not know about until recently? I stipulate that I do not have medications, tents, blankets, and foodstuffs for those whom natural disaster has overtaken in mind. These constitute a special expense item which all countries that are somewhat prosperous are obliged to provide for in their budgets.

"Am I against military assistance to developing countries? Yes, if they are going to use the assistance for civil conflicts, because then the assistance is no longer to the nations, but to the regimes. I happen to know how much labor is required to manufacture just one military aircraft to be offered simply as a gift, and for the sake of political objectives that are not always clear at that.

"I am for normal military business. You need airplanes for border patrolling? Certainly. Pay us, shall we say, 20 million for each. You need tanks in order to feel more confident in the face of an impending regional conflict? Certainly. One costs about a million dollars. Expensive? American vehicles of this type cost more. What? You maintain that it is immoral to sell arms? But we have been selling them for a long time, and, as foreign sources allege, earning about 8 billion [milliard] rubles in foreign currency at it annually. The whole world knows this. Thus it is immoral, in my opinion, to give arms away free of charge, because they are the same sort of goods as all the rest on the world market, and, if they are not purchased from us, they will be purchased from Israel, France, or America.

"It might be possible to understand even such an heirless "business" as exists between the USSR and Angola if the purchasing country were making some sort of concessions in other areas. But, alas, our fishing quotas near Angolan shores are cut. We are offered disadvantageous terms for doing oil reconnaissance. Our airplanes are serviced last in Luanda. The Angolan side considers it a matter of course to violate the terms for receiving Soviet specialists. These are not provided with the stipulated transportation, they live in houses without furniture, and are not furnished with groceries at moderate prices, etc. Angola's military and civil leadership can be late for an hour or more for formal receptions organized by the Soviet side.

"Very well, so be it. Let us consider that this is trifling. We ourselves are to blame for their taking advantage of us, and for Soviet specialists' getting by on their neighbors' cooking. All of this is our damned poverty, and I have ended up abroad because of it—Tolerate it, that is the only chance to get out of the poverty.

"But can it be that we are poor also because we do not know how to count, because, in exporting our ideology, we reinforced it for decades with incredibly expensive gifts, absurd from a commonsense standpoint? Take that (Agostinho Neto) Monument Complex in Luanda. Someone among our political masters [metry] at that time made an expansive gesture: He proclaimed that the USSR would build a 127-meter colossus at the seashore as a symbol of friendship and solidarity. That was in 1982. The monument, construction of which has required the removal of millions of cubic meters of earth and a vast quantity of concrete and metal, has not been

finished to this day ("unfinished business" ["nezavershenka"] again!). They say that it has already cost us 40 million dollars, and mere mention of it causes a nervous tic in our embassy personnel.

"Anyway, what next? How do we untie the Angolan knot that we ourselves so diligently tied on our budget? And with it, perhaps, the other knots in various parts of the world as well. I cannot rid myself of the rebellious thought—Would we not, by untying these knots, be rendering a great service, not just to our own people, but also to the other peoples, who are utterly tired of wars?"

**END OF**

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